

THE PUBLIC SCHOOL RETIREMENT SYSTEM

OF

THE SCHOOL DISTRICT OF KANSAS CITY, MO

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Thomas Mann
Executive Director

MINUTES OF MEETING

Monday, November 5, 2012

The Board of Trustees of the Public School Retirement System of the School District of Kansas City, Missouri met in REGULAR SESSION on Monday, November 5, 2012 at 4:00 p.m. in the Retirement System Office conference room at 4600 The Paseo, Kansas City, MO.

MEMBERS PRESENT: Alexander P. Ellison, Vice - Chairperson
C. Artris Ashley, (via telephone)
Clarence S. Cole
Joanne M. Collins
Caroline J. Helmkamp
Cheptoo Kositany-Buckner
Joseph G. Williams

MEMBERS ABSENT: Horace Coleman, Jr.
Darwin Curls
Cynthia L. Hackney
Curtis L. Rogers

Staff Present: Thomas Mann, Executive Director
Laura J. Oswald
Willia Jean Reese
Joseph Schaefer

Others Present: Mark Flaherty, Esq.
Lawrence H. Marino, Segal Rogerscasey
Denise D. D`Entremont Rhumblin Advisers
Kenneth M. Johnson, Loomis/Sayles

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There being a quorum present, the meeting was called to order at 4:00 p.m.

Alexander P. Ellison, Vice - Chairperson presiding:

On motion of Mr. Cole, seconded by Ms. Collins, the Board voted unanimously to approve the following items on the consent agenda:

Approval of the minutes of the Regular Board Meeting held Monday, October 1, 2012.

Approval of the minutes of the Investment Committee meeting held on Monday, October 1, 2012.

Approval of the minutes of the Policy and Evaluation Committee held on Monday, October 1, 2012.

Approval of cash disbursements for the month of September 2012.

Approval of the report of the Secretary submitting names of members retiring since the last report including dates of retirement and retirement allowances.

Approval of the report of the Secretary submitting the names of members who have passed away since the last report.

Approval of the Budget Variance Report for the pension fund and the building for the quarter ending September 30, 2012.

On motion of Ms. Helmkamp, seconded by Mr. Williams, the Board voted unanimously to approve the recommendation of the Medical Board that Sherry Musick be placed on disability retirement to become effective the first date of the month following the date his/her signed application arrived in the Retirement Office or the first day of the month following the last day of paid compensation from the School District, whichever is the later date.

On motion of Ms. Kositany-Buckner, seconded by Ms. Helmkamp, the Board voted unanimously to receive and file the report of Loomis Sayles & Company.

On motion of Mr. Cole, seconded by Ms. Kositany-Buckner, the Board voted unanimously to receive and file the report of Rhumblin Advisers.

On motion of Mr. Williams, seconded by Ms. Helmkamp, the Board voted unanimously to approve the first reading of the 2013 Administrative and Professional Services Budget, the 2013 Building Budget, and the 2013 Technology Budget.

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Mr. Ellison requested Mr. Marino to report on the latest quarterly investment performance of the portfolio.

Mr. Marino gave an overview on the investment markets. He noted that all equity markets showed positive returns in the 3rd quarter 2012 due to a variety of monetary easing and stimulus measures implemented by the Federal Reserve and European Central Bank (ECB) and continued signs of growth in the U.S. labor market. He indicated commodities gained over 10% during the third quarter 2012 due in large part on the actions of the central bank.

Mr. Marino noted the fixed income markets showed modest gain during the third quarter 2012 but on a one-year basis, fixed income markets have underperformed equity markets due to investors moving towards the equity market and riskier assets.

Mr. Marino reviewed the total retirement fund composite and then each fund manager's performance, and compared the returns of the fund to the policy index for the third quarter, and the latest one, three, five and ten year periods. Mr. Marino noted we are still in the process of bringing on the new managers AQR, CBR Clarion, Brookfield and Pantheon USA Fund IX so the composite performance would differ from the policy index until the entire process of bringing on the new managers and asset classes are completed. Mr. Marino noted that in reviewing the performance of each of the fund managers most are doing well compared to the policy indices.

On motion of Mr. Williams, seconded by Ms. Helmkamp, the Board voted unanimously to receive and file the 3rd Quarter Investment Performance Review.

Report of the Chairperson

No report.

Report of the Executive Director

Mr. Mann referred to information reported by both J P Morgan and BlackRock that indicated properties owned within the funds did not suffer significant damage from hurricane Sandy.

Mr. Mann reviewed the Charter School's receivable balance report.

Mr. Mann and Mr. Flaherty reported that the current legislative lobbying consulting firm of Stinson Morrison Hecker LLP, notified Mr. Flaherty that it will not be representing the Retirement System any longer because of a conflict of interest. Mr. Mann and Mr. Flaherty have been researching possible replacement firms and informed the Board they would be interviewing a couple of firms and would be reporting to the Board on their recommendations.

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Mr. Mann informed the Board that the Technology Operations budget shows a significant increase based on the renewal of the software support contract with Sagitec that currently expires December 31, 2012. Mr. Flaherty and Mr. Mann are currently working with Sagitec concerning the proposed contract and will review with the Board at their next meeting.

Meeting adjourned by common consent at 5:30 p.m.

Respectfully submitted,

Executive Director, Thomas Mann