

THE PUBLIC SCHOOL RETIREMENT SYSTEM

----- OF -----
THE SCHOOL DISTRICT OF KANSAS CITY, MO

Board of Trustees

Horace Coleman, Jr.
Chairperson
C. Artris Ashley
Richard O. Brown
Clarence S. Cole
Joanne M. Collins
Darwin Curls
Alexander P. Ellison
Caroline J. Helmkamp
Cheptoo Kositany-Buckner
Curtis L. Rogers
Linda E. Watkins
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Thomas Mann
Executive Director

MINUTES OF MEETING

Monday, January 6, 2014

The Board of Trustees of the Public School Retirement System of the School District of Kansas City, Missouri met in REGULAR SESSION on Monday, January 6, 2014, at 4:00 p.m. in the Public School Retirement System Office conference room at 4600 The Paseo, Kansas City, MO.

Members Present: Horace Coleman, Jr., Chairperson
Richard O. Brown
Joanne M. Collins (via telephone)
Alexander P. Ellison
Caroline J. Helmkamp
Cheptoo Kositany-Buckner
Curtis L. Rogers
Linda E. Watkins
Joseph G. Williams

Members Absent: C. Artris Ashley
Clarence S. Cole

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

Others Present: Mark Flaherty, Esq. (via telephone)
Ruth Hays, Esq., Husch Blackwell LLP
Rosemary Guillette, Segal Rogerscasey
Timothy S. Weld, CFA, StepStone Pioneer Capital Funds
Brett Johnson, Pantheon Private Equity
April Yee, Pantheon Private Equity

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

Horace Coleman Jr., Chairperson, presiding.

On motion of Mr. Rogers, seconded by Mr. Ellison, the Board voted to approve the following items on the consent agenda:

Approval of the minutes of the Regular Board of Trustees meeting held December 2, 2013.

Approval of the minutes of the Investment Committee meeting held December 2, 2013.

Approval of the cash disbursements for the month of November, 2013.

Approval of the report of the Secretary, submitting names of members retiring since 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.

The Board acknowledged the seating of the newly elected and appointed trustees:

1. Seating of School Board appointed Trustee, Horace Coleman Jr.
2. Seating of School Board appointed Trustee, Joanne M. Collins
3. Seating of elected Trustee (2 year active), Richard O. Brown
4. Seating of elected Trustee (4 year active), Linda E. Watkins

The Board adjourned sine die.

On motion of Mr. Ellison, seconded by Ms. Helmkamp, the Board voted to approve the appointment of Mr. Thomas Mann as temporary Chairperson.

Thomas Mann, presiding.

Mr. Mann called for nominations for Board Chairperson.

Mr. Rogers moved to nominate Mr. Horace Coleman Jr., for Chairperson. Mr. Ellison seconded the nomination. On motion of Mr. Ellison, seconded by Ms. Helmkamp, the nominations were closed with the consent of the Board.

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Mr. Mann called for the vote to elect the sole nominee, Horace Coleman, Jr., Chairperson. On motion of Mr. Rogers, seconded by Mr. Ellison, the Board elected Mr. Horace Coleman, Jr., as Chairperson.

Horace Coleman Jr., presiding.

The Chairperson asked for the nominations for Vice-Chairperson.

Mr. Rogers moved to nominate Mr. Alexander P. Ellison, for Vice-Chairperson. Mr. Coleman seconded the nomination. On motion of Mr. Rogers, seconded by Mr. Coleman, the Board elected Mr. Alexander P. Ellison as Vice-Chairperson.

The Chairperson asked for the nominations for Treasurer.

Mr. Rogers moved to nominate Ms. Joanne M. Collins, for Treasurer. Ms. Helmkamp seconded the nomination. On motion of Mr. Rogers, seconded by Ms. Helmkamp, the Board elected Ms. Joanne M. Collins as Treasurer.

The Chairperson asked for the nominations for Assistant Treasurer.

Mr. Rogers moved to nominate Mr. Thomas Mann for Assistant Treasurer. Ms. Helmkamp seconded the nomination. On motion of Mr. Rogers, seconded by Ms. Helmkamp the Board elected Mr. Thomas Mann as Assistant Treasurer.

The Chairperson asked for the nominations for Board Secretary.

Mr. Rogers moved to nominate Mr. Thomas Mann for Board Secretary. Mr. Ellison seconded the nomination. On motion of Mr. Rogers, seconded by Mr. Ellison, the Board elected Mr. Thomas Mann as Board Secretary.

On motion of Mr. Ellison, seconded by Mr. Rogers, the Board voted to reappoint the Medical Board:

Dr. Thomas McKeel
Dr. Danny K. Stanton
Dr. Michael W. Smith

On motion of Mr. Rogers, seconded by Ms. Helmkamp, the Board voted to approve to credit the interest rate of .76% to eligible member accounts for the calendar year 2013.

On motion of Mr. Rogers, seconded by Mr. Ellison, the Board voted to approve the report of Stepstone Capital Management.

On motion of Mr. Rogers, seconded by Ms. Helmkamp, the Board voted to approve the report of Pantheon Private Equity.

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Mr. Coleman requested the Audit Committee Report.

Mr. Ellison noted that the Audit Committee interviewed the actuarial firms that were selected as finalists from the responses received in the search for an actuarial consulting firm. Mr. Ellison informed the Board the Committee is recommending Cavanaugh Macdonald to be the system's actuarial consulting firm. After a lengthy discussion, on motion of Ellison, seconded by Mr. Rogers, the Board voted to hire Cavanaugh Macdonald as the system's actuarial consulting firm.

Report of the Chairperson

Mr. Coleman asked for the Trustee Disclosure Forms for the quarter to be completed.

Mr. Coleman reminded the Board of the State of Missouri mandate for two educational sessions for each trustee and requested Mr. Mann develop information on educational opportunities for the coming year. He noted that the NCTR Trustee Educational Seminar held in July would be beneficial to the new trustees as well as current trustees. Ms. Helmkamp noted that both NCTR and NIRS are organizations with helpful information concerning challenges facing public pension plans and requested Mr. Coleman have their website links forwarded to all Board members.

Ms. Kositany-Buckner commented that the recent legislative changes to our pension system will benefit the system long term but she is concerned about the School District and what may happen if the State would take over and break up the District. Given these challenges it is important for board members to communicate with and educate our state legislators on the benefits of a public pension plan and how changes to the School District may have a negative impact on our system.

Report of the Executive Director

Mr. Mann noted he will prepare a list of educational sessions for Trustees to consider and will look into holding some local educational sessions.

Mr. Mann informed the Board that Mid America Regional Council (MARC), who sponsors the Green Impact Zone, would not be renewing their contract after year end and would be vacating the building by the end of January. Mr. Mann suggested this would be a good opportunity to do an analysis of the building and determine our long term goals for this location. After a lengthy discussion, the Board requested the Executive Committee to further review this matter.

Mr. Mann and Ms. Hayes informed the Board that the School District has contracted with Kelly Services to provide substitute teachers. These substitutes are employed by Kelly Services, not the District, and many of them are retirees. Because of this situation, the 600 hour limit for retirees is in question. After a lengthy discussion, the Board requested the Policy and Evaluation Committee to further review this matter.

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Mr. Mann informed the Board that ConvergEx Group LLC, the discount brokerage firm used by the system, was the subject of a press release by the SEC. ConvergEx Group and two subsidiaries, along with several former employees paid fines and admitted wrongdoing in several fraud charges. The charges related to brokerage fees paid by several institutional investors that were much higher than disclosed by the firm. Mr. Mann stated other firms perform this type of service and after a lengthy discussion, on motion of Mr. Ellison, seconded by Ms. Helmkamp the Board voted to discontinue the system's association with ConvergEx Group, LLC.

The meeting was adjourned by common consent at 6:30 p.m.

Respectfully submitted,

Thomas Mann, Executive Secretary