

THE PUBLIC SCHOOL RETIREMENT SYSTEM

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THE SCHOOL DISTRICT OF KANSAS CITY, MO

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Thomas Mann
Executive Director

MINUTES OF MEETING

Monday, February 4, 2013

The Board of Trustees of the Public School Retirement System of the School District of Kansas City, Missouri met in REGULAR SESSION on Monday, February 4, 2013, 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
Clarence S. Cole
Alexander P. Ellison
Cynthia L. Hackney
Caroline J. Helmkamp
Curtis L. Rogers
Joseph G. Williams

Members Absent: C. Artris Ashley
Joanne M. Collins
Darwin Curls
Cheptoo Kositany-Buckner

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

Others Present: Mark Flaherty, Esq.
Lawrence H. Marino CFA, Segal Rogerscasey
Rosemary Guillette, Segal Rogerscasey
Dhaval Parikh, BlackRock
Amy C. Cummings, J. P. Morgan Asset Management
C. Jason Psome, J. P. Morgan Asset Management

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There being a quorum present, the meeting was called to order at 4:05 p.m.

Horace Coleman, Jr., Chairperson presiding.

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

Approval of the minutes of the Regular Board of Trustees meeting held January 7, 2013.

Approval of the minutes of the Legislative and Benefit Committee meeting held January 7, 2013.

Approval of cash disbursements for the month of December 2012.

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

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

Approval of the Variance Report for the pension fund, building, and technology budgets for the quarter ended December 31, 2012.

On motion of Mr. Rogers, seconded by Mr. Ellison, the Board voted to receive and file the report of BlackRock Real Estate.

On motion Mr. Ellison, seconded by Ms. Helmkamp, the Board voted to receive and file the report of J.P. Morgan Real Estate.

Mr. Coleman requested Mr. Marino and Ms. Guillette to report on the investment performance of the portfolio as of 12/31/12.

Mr. Marino noted that the new asset allocation previously approved by the Board has been completed and all managers have been hired. He mentioned that one fund manager, Brookfield, will be funded over time beginning in the near future. Once that account is funded the portfolio will be in line with the targeted allocations.

Mr. Marino gave a general overview of the investment markets noting the year 2012 had strong investment returns with the portfolio showing a return of 13.03%, slightly under the benchmark. Equity markets, real estate and hedge funds ended the fourth quarter strongly. Fixed income markets performed well even though interest rates remain at historical low levels. Commodities showed negative returns for the year.

Mr. Marino reviewed the total retirement fund composite and then each fund manager's performance, and compared the returns of the fund to the benchmarks for the fourth

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quarter, and the latest one, three, five and ten year periods. In reviewing each fund manager's performance most met or exceeded their benchmark for the year.

Ms. Guillette discussed the Manager Focus and Market Alert on the portfolio manager change for the Blackrock Granite Fund. Segal Rogerscasey analysis noted the new team is very experienced and knowledgeable and have taken off their hold rating and re-rated the fund as qualified. She also noted The Rockcreek Group and the concerns and benefits in Wells Fargo's purchase of a minority share. Segal Rogerscasey will monitor the firm over the next few quarters and revisit the hold rating as effects of the new ownership structure become clearer.

On motion of Mr. Ellison, seconded by Mr. Rogers, the Board voted to receive and file the report of Segal Rogerscasey.

Report of the Chairperson

Mr. Coleman reviewed the committee assignments for 2013. He noted Mr. Williams will now chair the Investment Committee and the Building Committee has been changed to an ad hoc committee that will meet on an as-needed basis.

Mr. Coleman reviewed a list of educational opportunities prepared by Mr. Mann for 2013 and encouraged each Trustee to take advantage of the informative conferences that are available in order to meet their educational requirements.

Report of the Executive Director

Mr. Mann reported on the results of his and Mr. Flaherty's efforts in obtaining a local legislative lobbying presence. After a lengthy discussion, the Board tabled this item until the March meeting.

Mr. Mann and Mr. Flaherty met with the representatives from the Mid America Regional Council (MARC) and the Green Impact Zone concerning the leased space in the Retirement System's building. The reduced funding for the Green Impact Zone has necessitated a reduction in the number of employees and they are asking for a reduction in the space and rent paid. On motion of Ms. Helmkamp, seconded by Mr. Cole, the Board voted to continue the leasing relationship with the Green Impact Zone with a commensurate reduction in the lease rate negotiated by staff.

Mr. Mann informed the Board the actuarial contract with Buck Consultant has expired. He recommended negotiating a one year extension to the current contract. This is needed because of the System's proposed legislation being introduced regarding the changes to the contributions and benefits structure, and the challenges facing the Kansas City School District accreditation issues. On motion of Mr. Williams, seconded by Mr. Cole, the Board voted to negotiate a one year extension to the current contract.

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Mr. Mann noted the newsletter explaining the proposed legislation, Senate Bill 223, will be distributed next week to active members of the System and will be included with the retiree's February's pension statement.

Mr. Mann and Mr. Flaherty reviewed the renewal process of the Sagitec contract with Board members that missed the discussion during a previous Board meeting.

Mr. Mann reviewed the Charter Schools' contribution report with the board.

On motion of Mr. Williams, seconded by Mr. Coleman the meeting adjourned at 6:15 p.m.

Respectfully submitted,

Thomas Mann, Executive Secretary