

# THE PUBLIC SCHOOL RETIREMENT SYSTEM

OF

## Board of Trustees

Horace Coleman, Jr.,  
Chairperson  
C. Artris Ashley  
Clarence S. Cole  
Joanne M. Collins  
Dr. John W. Covington  
Darwin Curls  
Alexander P. Ellison  
Caroline J. Helmkamp  
Elizabeth Langle  
Cheptoo Kositany-Buckner  
Curtis L. Rogers  
Josephine G. Williams

## THE SCHOOL DISTRICT OF KANSAS CITY, MO

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**Thomas Mann**  
*Executive Director*

## MINUTES OF MEETING

Monday, June 6, 2011

The Board of Trustees of the Public School Retirement System of the School District of Kansas City, Missouri met in REGULAR SESSION on Monday, June 6, 2011, 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  
C. Artris Ashley  
Joanne M. Collins  
Clarence S. Cole  
Darwin Curls  
Alexander P. Ellison  
Caroline J. Helmkamp  
Elizabeth Langle  
Curtis L. Rogers  
Joseph G. Williams

Members Absent: Dr. John W. Covington  
Cheptoo Kositany-Buckner

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

Others Present: Mark Flaherty, Esq.  
Ruth Hays, Husch Blackwell Sanders LLP  
Rosemary Elly Guillette, Segal Advisors  
Hal J. Hunt, Mayer Hoffman McCann P.C.  
Dana Dreier, Mayer Hoffman McCann P.C.  
Michael D. Mills, Buck Consultants  
R. Ryan Falls, Buck Consultants

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There being a quorum present, Mr. Horace Coleman, Jr. called the meeting to order at 4:00 p.m.

On motion of Mr. Ellison, seconded by Mr. Rogers, the Board voted unanimously to approve the following items on the Consent Agenda:

Approval of the minutes of the Regular Meeting held May 2, 2011.

Approval of the minutes of the Investment Committee Meeting held on May 2, 2011.

Approval of the cash disbursements for the month of April 2011.

Approval of the report of the Secretary submitting the 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.

Mr. Coleman requested the Audit Committee report.

Mr. Ellison, Chairperson of the Audit Committee asked Mr. Hal Hunt and Ms. Dana Dreier of Mayer Hoffman McCann P.C. to present the audit findings and review the changes included in the draft Audit Report on the Financial Statements for the Years Ended December 31, 2010 and 2009.

On the motion of Mr. Ellison, seconded by Mr. Curls, the Board voted unanimously to approve the Audit report subject to the changes noted for the management letter.

Mr. Coleman requested the Business and Technology Committee report.

Mr. Mann, in the absence of Ms. Kositany-Buckner, Chairperson, presented the report. He noted the Committee reviewed the draft Request for Proposal for web site development and branding. He explained the process and indicated the Committee recommends the Board solicit proposals for the design and development of a replacement website and branding for the System. He further indicated the Committee would like to select firms to interview and present the results to the Board at the September 12, 2011 meeting.

On motion of Mr. Curls, seconded by Ms. Collins, the Board voted unanimously to approve the initiation of the Request for Proposal process for Branding and Web Site Development.

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Mr. Coleman requested the Investment Committee report.

Mr. Rogers, Co-Chairperson for the Investment Committee gave an overview of the three High Yield Fixed Income managers interviewed; Loomis, Sayles & Company, L.P, Bradford & Marzec, LLC, and Neuberger Berman.

On the motion of Mr. Rogers, seconded by Mr. Ellison, by a vote of eight ayes, with Ms. Langle voting no, the Board voted to hire Loomis, Sayles & Company, L.P. to manage the System's High Yield Fixed Income mandate.

Mr. Rogers informed the Board that Fisher Investments requested authority to invest up to 20% of its total portfolio in emerging markets. After discussion on the process with Segal Advisors, the Investment Committee voted unanimously to recommend to the Board to approve this request.

On motion of Mr. Rogers, seconded by Mr. Ellison, the Board voted unanimously to approve Fisher Investment's request to invest up to 20% in emerging markets.

Mr. Coleman requested the Actuarial Valuation Presentation.

Mr. Mills and Mr. Falls, actuaries for the System from Buck Consultants, gave a thorough overview of the 2011 Valuation Results for the Public School Retirement System of the School District of Kansas City, Missouri.

On motion of Mr. Rogers, seconded by Mr. Williams, the Board voted unanimously to receive and file the 2011 Actuarial Valuation report of Buck Consultants.

### **Report of the Chairman**

Mr. Coleman asked Mr. Mann to review with the Board the reimbursement of travel expenses. Mr. Mann explained the per diem rates established by GSA guidelines and the first and last day travel rate of 75% of the daily per diem.

Mr. Coleman informed the Board of the proposed amendment to Policy 3.0 of the School District. The proposed policy is outlined below:

*3.0 The Board's sole official delegatory connection to the District (in terms of authority and accountability), its administration, faculty and staff, its methods and practices, and its achievements and conduct, will be through a chief executive officer (CEO) titled Superintendent.*

- 1. In the pursuit of the Global Ends policy, the Board may sponsor public schools in whatever legal manner it deems appropriate to create a portfolio of schools that are either high-performing or showing consistent growth towards being high-performing.*

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2. *The Superintendent is the operator for the entire portfolio of KCMSD schools unless otherwise determined by the Board.*
  - a. *The Board may approve an alternative operator as the result of a Superintendent recommendation and in no case will the Board approve an alternate operator without soliciting and strongly considering the Superintendent's opinion and guidance.*
3. *Regardless of the method of sponsorship (i.e., traditional, contract, or charter school), the Superintendent will serve as the Board's agent in all circumstances related to monitoring and accountability.*

Mr. Coleman noted this policy change indicates that, with the School Board's approval, a school may be classified as a traditional, contract, or charter school. If classified as a contract school, as in the case of ACE school last year, the employees will be contractors and will not be able to participate in the Retirement System. Ms. Hays explained that, when this issue came up last year with ACE, a letter was directed to the School District Counsel noting the Retirement System's concerns with the classification of the employees.

The Board requested a letter be sent to all of the School District Board Members noting our concerns of the policy change.

**Report of Executive Director**

Mr. Mann informed the Board that both he and Mark Flaherty recently met representatives of the law firm Labaton Sucharow, who specializes in security litigation issues. Mr. Mann asked Mr. Flaherty to review with the Board their proposal.

Mr. Flaherty stated that this firm would monitor the equity securities held in our portfolio for court findings involving security fraud or class action suits and determine if we should get involved in the litigation. They would also monitor events happening that may affect a company and ensure the System is aware the security held could be impacted based on the event. This service will be of no charge and Mr. Flaherty reviewed the information and recommended the Board engage the firm to perform this service.

On motion of Ms. Helmkamp, seconded by Mr. Ellison, the Board approved the engagement of Labaton Sucharow for the services noted.

Meeting adjourned by common consent at 6:05 p.m.

Respectfully submitted,

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Thomas Mann, Executive Secretary