

# THE PUBLIC SCHOOL RETIREMENT SYSTEM

OF

## Board of Trustees

Horace Coleman, Jr.,  
Chairperson  
C. Artris Ashley  
Clarence S. Cole  
Joanne M. Collins  
Darwin Curls  
Alexander P. Ellison  
Andrea M. Flinders  
Caroline J. Helmkamp  
Cheptoo Kositany-Buckner  
Curtis L. Rogers  
Joseph G. Williams

## THE SCHOOL DISTRICT OF KANSAS CITY, MO

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**Thomas Mann**  
*Executive Director*

### MINUTES OF MEETING

Monday, September 9, 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, September 9, 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  
Joanne M. Collins  
Andrea M. Flinders  
Caroline J. Helmkamp  
Cheptoo Kositany-Buckner  
Curtis L. Rogers  
Joseph G. Williams

Members Absent: C. Artris Ashley  
Clarence S. Cole  
Darwin Curls  
Alexander P. Ellison

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

Others Present: Mark Flaherty, Esq. (Via telephone)  
Lawrence H. Marino, Segal Rogerscasey  
Elizabeth B. Anathan, Fisher Investment Institutional Group  
Michael Kelly, Fisher Investment Institutional Group  
Solomon Peters, Mondrian Investment Partners  
Justin A. Richards, Mondrian Investment Partners

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 Ms. Helmkamp, the Board voted unanimously to approve the following items on the Consent Agenda:

Approval of the minutes of the Regular Meeting held June 3, 2013.

Approval of the minutes of the Audit Committee meeting held May 28, 2013.

Approval of the cash disbursements for the months of May, June and July 2013.

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 Budget Variance Report for pension fund, building and technology for the quarter ending June 30, 2013.

On motion of Mr. Rogers, seconded by Ms. Helmkamp, the Board voted to approve the recommendation of the Medical Board that Luceal Shell be continued on disability retirement.

On motion of Mr. Rogers, seconded by Ms. Helmkamp, the Board voted to approve the recommendation of the Medical Board that Helen Short be continued on disability retirement.

On motion of Mr. Rogers, seconded by Ms. Helmkamp, the Board voted unanimously to receive and file the report of Fisher Investments.

On motion of Mr. Rogers, seconded by Ms. Helmkamp, the Board voted unanimously to receive and file the report of Mondrian Investment Partners.

Mr. Coleman requested a report from the Business and Technology Committee.

Ms. Kositany-Buckner informed the Board the System's new website is online and the information is being reviewed for updates and changes. She encouraged Board members to review the new website and offer any comments or suggestions. She noted the member portal has been tested and there were some issues concerning password and administrative issues that are being worked on and that the website should be both iPad and smart phone friendly. These issues should be resolved in the near future.

Ms. Kositany-Buckner noted that we are working with Sagitec to incorporate the legislative changes into our administrative program that will become effective January 1, 2014. She updated the Board on the status of the Disaster Planning and Recovery Project and commented that we are looking into moving our internal documents to a cloud base data storage system that will be updated constantly for offsite storage. Ms. Kositany-Buckner informed the Board that the Committee approved recommending to the Board the RFP process to secure a new security system for our building. On motion of Mr. Williams, seconded by Mr. Rogers, the Board voted unanimously to approve the initiation of the RFP process to secure a new security system for our building.

Mr. Coleman requested a report from the Investment Committee.

Mr. Williams, Chairperson of the Investment Committee, asked Mr. Marino of Segal Rogerscasey to summarize their presentation at the committee meeting.

Mr. Marino gave a brief overview on the performance of the fund for the second quarter. He noted world equity markets showed a positive return during the quarter largely due to the strong performance of domestic equities. Emerging markets equity, global fixed income and commodities showed a negative performance during the quarter while both real estate and private equity showed positive returns for this quarter.

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 second quarter, and the latest one, three, five and ten year periods. Mr. Marino noted those managers underperforming in the near term did show long-term outperformance. He also touched on the second quarter issues of risk parity managers.

Mr. Mann and Mr. Marino discussed the review of the second reading of the Investment Policy. Mr. Mann reviewed the need to update the investment policy and the changes made to the actual structure of the policy. Mr. Mann also indicated the contract with BNY Mellon Asset Servicing ends October 1, 2013 and that both he and Mr. Flaherty will review and negotiate the proposed contract renewal.

On motion of Mr. Rogers, seconded by Ms. Collins, the Board voted unanimously to approve the second reading of the Investment Policy and to direct the Executive Director and counsel to negotiate with BNY Mellon on the contract renewal.

### **Report of the Chairperson**

Mr. Coleman reported that the recent NCTR Trustees Workshop held at Harvard University during July was very educational and a great opportunity to interact with trustees from other pension systems. This year NCTR's educational committee focused to increase trustee's participation during the conference and encouraged members to be more involved during the presentations. Ms. Collins commented that our Chairman, Mr. Coleman, moderated a panel discussion during the conference and did an excellent job. Mr. Rogers noted this is a very informative conference and a wonderful opportunity to discuss with fellow trustees the

challenges facing their pension systems. Mr. Coleman encouraged all members to attend this conference.

**Report of the Executive Director**

Mr. Mann informed the Board that it appears the District has contracted with Kelly Services for their substitute teachers services. Kelly Services is telling potential substitute teachers who have retired with our System that because they are not employed by the District, they are not subject to the 600 hours rule. Mr. Flaherty commented it does not matter who employs the substitute teachers, if they work in the District they are subject to the Retirement System's guidelines including the 600 hour rule. Mr. Mann informed the Board he will contact Mr. Al Tunis of the School District to discuss this issue further.

Mr. Mann brought up Derrick Thomas Academy, a charter school declared bankrupt, employed their workforce through May 2013. The school paid retirement contributions to the System only through April. Calculations for benefits and refunds are only being credited through the month of April.

Mr. Mann informed the Board that Ms. Collins, Ms. Flinders and Mr. Coleman terms end December 31, 2013. Mr. Mann will send a letter to the School District informing them of the need for action by the Board of Education. The Retirement System will post notification concerning the nominations for the two Active Trustee seats. Nominations will be accepted at the October 14, 2013 Board meeting. Ballots shall be sent out for the Election in November.

Mr. Mann mentioned that the District renewed the Blue Cross Blue Shield Health and Dental contract as of July 1, 2013. The District went to a self-funded structure for the plan to control the premium increases. The increases included both administrative fees and taxes being enacted with the affordable health care law effective January 1, 2014. The staff worked closely with the District, the broker, and Blue Cross Blue Shield to ensure the billing of all groups on the plan, was appropriate.

The meeting was adjourned by common consent 5:40 p.m.

Respectfully submitted,

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Thomas Mann, Executive Secretary