

MINUTES OF MEETING

Monday, June 6, 2016

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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 Ms. Collins, seconded by Mr. Rogers, the Board voted to approve the following items on the consent agenda:

Approval of the minutes of the Regular Meeting held May 2, 2016.

Approval of the cash disbursements for the month of April 2016.

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 Ms. Giddens and Mr. Cooper to report on the 2016 Missouri Legislative session.

Ms. Giddens noted of the 2,000 bills introduced during the session only 138 passed. During the session, any bills that were introduced that could impact the Retirement System ultimately did not pass.

Ms. Giddens commented that the retirees of the Public School Retirement System of St. Louis looked to introduce legislation that would mandate a COLA increase for their System. The legislation died due to lack of information on the impact a COLA increase would have on their System. Ms. Gierer noted that in January 2016 the Board approved work to be performed by our Actuary during this year's Experience Study to analyze the impact on the Plan should the statutes be changed to allow a COLA increase be granted for retirees while the System is less than 100% funded.

On motion of Ms. Collins, seconded by Mr. Rogers, the Board voted unanimously to accept the report of the Giddens Group.

Mr. Coleman requested the report of the Audit Committee.

Mr. Coleman, acting Chairperson of the Audit Committee, requested Ms. Dreier and Ms. Ryherd present the summary of the Audit Report on the Financial Statements for the years ended December 31, 2015 and 2014.

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On the motion of Mr. Ellison, seconded by Mr. Rogers, the Board voted unanimously to accept the Audit Committee's recommendation to approve the Audit report on the Financial Statements for the Years Ended December 31, 2015 and 2014.

Mr. Coleman requested a presentation on the 1/1/2016 actuarial valuation.

Ms. Patrice A. Beckham, of Cavanaugh Macdonald, gave a thorough overview of the 2016 valuation results for KCPSRS. She noted the System's 77.6 % funded level shows a decrease of 2.30% from the prior year of 79.9%. This decrease reflects weakened investment returns in 2015 although there was an increase in active members participating in the plan and an increase in the contribution rate for both members and employers effective January 1, 2015 from 8.5% to 9.0%. As a result, the System's funding shortfall decreased from 2.56% of pay, in last year's valuation, to 2.18% of pay in the 2016 valuation.

She explained that under legislation passed in 2013, the Board has the authority to adjust the member and employer contribution rate by no more than 0.50% each year, with a minimum rate of 7.5% and a maximum of 9.0%. She commented that given the funded ratio of the System and the contribution shortfall, which uses both the actuarial and market value of assets, Cavanaugh Macdonald Consulting, LLC recommends the Board maintain the current employee and employer contribution rate of 9.0% effective January 1, 2017.

She noted that their firm will be performing an Experience Study to be completed during the fall of 2016. The Experience Study will review current actuarial methods and assumptions being used, and make recommendations based on their report.

On motion of Mr. Brown, seconded by Mr. Ellison, the Board voted unanimously to accept the report of Cavanaugh Macdonald Consulting, LLC.

Mr. Coleman requested the report of the Investment Committee.

Per the Meeting Notice that there could be a Closed session, Mr. Brown, Chairperson of the Investment Committee, reviewed with the Board the Committee's recommendation from their attorneys.

Upon returning to open session, Mr. Brown reviewed the Committee's discussion to contract with Segal Rogerscasey for Asset Liability Study. He noted that in March 2011, the Board of Trustees hired Segal Rogerscasey as the System's asset consultant and the Asset Liability Study was completed in September 2011. Since then the report has been reviewed in July 2012 and reviewed and updated in June 2015. He noted our current investment policy requires an Asset Liability Review be performed every two years in even-numbered years.

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Mr. Brown noted the Committee recommends the Retirement System contract with Segal Rogerscasey for a full Asset Liability Review to commence in the fall of 2016 and be completed during the spring of 2017. He also noted the Committee recommended changing the Board's Investment Policy to require an Asset Liability Review at least every 5 years rather than "every two years in even-numbered years".

After a lengthy discussion, on motion of Mr. Brown, seconded by Mr. Rogers, the Board voted unanimously to accept the Investment Committee's recommendation to contract with Segal Rogerscasey for Asset Liability Study and update our Investment policy to perform an Asset Liability Review at least every 5 years.

Mr. Brown requested Ms. Guillette to report on the investment performance of the portfolio as of 3/31/16.

Ms. Guillette gave a general overview of the investment markets noting the first quarter 2016 had positive returns for most markets with the KCPSRS portfolio showing a return of 1.19% underperforming the benchmark of 1.57%. Ms. Guillette reviewed the total retirement fund composite and then each fund manager's performance, and compared the returns of the managers to each relevant benchmark for the quarter, and the latest one-, five-, and ten-year periods Ms. Guillette then reviewed the target allocations of each asset class and noted the actual allocations are within the guidelines of the policy.

On motion of Mr. Brown, seconded by Mr. Evans, the Board voted to approve the report of Investment Committee.

Report of Chairperson

Mr. Coleman reminded Board members of the upcoming educational opportunities during the month of July and at the NCTR Annual Convention in October. He also encouraged Board members to visit NCTR's website and review informative webinars that are offered.

Report of the Executive Director

Ms. Gierer provided her report on operations, communications, and Board issues.

Ms. Gierer noted Pugh Capital is hosting a chief investment officer panel for their 25th anniversary on August 11, 2016. Ms. Pratt expressed interest in attending with Ms. Gierer.

Ms. Gierer informed the Board that she is looking to update the System's website to a more user friendly platform for ease of keeping information current.

Ms. Gierer noted the transition to our new small cap growth equity firm was recently completed.

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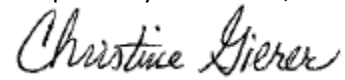
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Other Business

The Chairperson adjourned the meeting by common consent at 6:00 p.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "Christine Gierer".

Christine Gierer, Executive Director