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KANSAS CITY PUBLIC SCHOOL RETIREMENT SYSTEM

MINUTES OF MEETING

Monday, October 3, 2016

The Board of Trustees of the Public School Retirement System of the School District of Kansas City, Missouri met in REGULAR SESSION on Monday, October 3, 2016, at 4:00 p.m. in the Retirement System office conference room at 3100 Broadway, Suite 1211, Kansas City, MO.

Members Present: Horace Coleman, Jr., Chairperson
 Richard O. Brown (via phone)
 Joanne M. Collins
 Carl Evans
 Princeton E. Grayson
 Roger Offield
 Beverly Pratt
 Curtis L. Rogers
 Linda E. Watkins

Members Absent: Mark T. Bedell
 Alexander P. Ellison
 Debbie Siragusa

Staff Present: Christine Gierer, Executive Director
 Shannon McClain
 Laura J. Oswald

Others Present: Mark Flaherty, Esq.
 Ruth Hays, Esq., Husch Blackwell Sanders, LLP
 Rosemary Guillette, Segal Rogerscasey
 Nancy Giddens, Giddens Group
 Shannon Cooper, Giddens Group
 Orlando Copeland, Fisher Investments
 Leon Stamps, Fisher Investments
 Patrice Beckham, Cavanagh, Macdonald Consulting, LLC

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

Horace Coleman, Jr, Chairperson presiding:

Mr. Coleman opened the floor for nominations for candidates to serve as a Trustee elected by the active members of the Retirement System.

Mr. Offield, an active member, nominated himself as an active member and resident taxpayer of the Kansas City, MO School District, seconded by Mr. Rogers

There being no other nominations, on motion of Mr. Coleman, seconded by Ms. Collins, the Board unanimously agreed to close the nominations.

Mr. Coleman opened the floor for nominations for candidates to serve as a Trustee elected by the retired members of the Retirement System.

Mr. Rogers, a retired member, nominated Ms. Beverly Pratt, a retired member and resident taxpayer of the Kansas City, MO School District, seconded by Ms. Watkins.

There being no other nominations, on motion of Mr. Rogers, seconded by Ms. Collins, the Board unanimously agreed to close the nominations.

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 of the Board of Trustees held Monday, September 5, 2016.

Approval of the minutes of the Investment Committee meeting held on Monday, September 5, 2016.

Approval of cash disbursements for the months of August 2016.

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

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

Mr. Coleman offered the Business and Technology Committee report to the Board. He communicated the status of the document imaging project in which the actual expenses came in substantially under budgeted cost expectations. Mr. Flaherty offered his congratulations and stated this project has been considered and anticipated for many years but this year the long awaited project was embarked upon and successfully achieved.

Mr. Coleman informed the Board of updates to the Retirement System's website, and gave an overview of the evolution and current status of technology utilized by the Retirement System for its Members, Trustees, and Staff.

Mr. Coleman then briefly spoke of the 2014 five-year technology assessment and the staff recommendation of such a plan again in 2019 recognizing that either a server upgrade or new server will be needed in 2017.

On motion of Mr. Rogers, seconded by Ms. Pratt, the Board voted to approve the report of the Business and Technology Committee.

Mr. Coleman requested the Legislative and Benefits Committee report.

Ms. Collins invited Ms. Giddens and Mr. Cooper to address the Board. Ms. Giddens communicated to the Board the status of the House and Senate leadership and that there were no expected changes to the retirement perspective. Ms. Giddens and Mr. Cooper then reviewed the recently proposed legislation relating to pensions and retirement. They spoke in depth of the past session's House Bill 1710, which modified provisions relating to the teacher and school employee retirement systems and working after retirement.

Ms. Giddens advised to proceed in the upcoming session by working with the sponsor of HB1710 to slightly modify the proposed language to better address the issues related specifically to KCPSRS. She expects this legislation will be introduced again in the next legislation session.

On motion of Ms. Collins, seconded by Mr. Rogers, the Board voted to approve the report of the Legislative and Benefits Committee.

Mr. Coleman requested the Fisher Investments report.

On motion of Mr. Rogers, seconded by Mr. Evans, the Board voted to approve the report of Fisher Investments.

Mr. Coleman requested the Experience Study as prepared by the System's actuary.

Ms. Beckham, actuary from Cavanaugh Macdonald Consulting, LLC., informed the Board that an experience study was performed for calendar years 2011 through 2015 to ensure the continued reasonability of assumptions. The experience study reviewed both demographic and economic assumptions and compared them with the actual experience of the System from data over the past five years. Ms. Beckham noted the experience study showed the current economic assumptions including price inflation, long-term investment return, real wage inflation, general way growth, payroll growth and interest crediting rate on member accounts reflected a need for changes. Ms. Beckham also noted demographic assumptions, including information regarding decrement rates – mortality, retirement, disability, withdrawals, and marital status and age difference showed the need for changes. Additionally, Ms. Beckham recommended the unfunded actuarial accrued liability amortization method be changed to the layered amortization approach with the initial base amortized over a closed 30-year period with new pieces of the UAAL amortized over a closed 20-year period.

Ms. Beckham gave a comparison of the 1/1/16 valuation results and costs for KCPSRS with results based on the current assumptions and results if the assumptions were changed based on the recommendations from the experience study performed. Ms. Beckham asked the Board to review the recommended assumptions based on the experience study and consider adoption of the recommended changes prior to the preparation of the actuary's work on the 1/1/17 valuation report.

Mr. Coleman suggested that the Board evaluate and contemplate the recommended changes and vote on this at the November 2016 meeting. The Board agreed.

On motion of Mr. Rogers, seconded by Mr. Grayson, the Board voted to receive the 2016 Experience Study of the actuary, Cavanaugh, Macdonald Consultants.

Report of Chairperson

Mr. Coleman reminded the Board of the upcoming educational opportunity hosted by Husch Blackwell on November 1st.

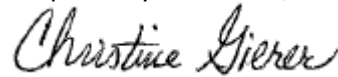
Report of the Executive Director

Ms. Gierer provided her report on operational, member and employer communication, and Board issues.

Ms. Gierer reported the election actions are moving forward with the election service and the beneficiary forms continue to be submitted by active members and processed by Retirement System staff. Ms. Gierer shared that policies and procedures regarding inactive members are under discussion. She stated that a "Working After Retirement" flyer was developed and is being distributed to individuals preparing to retire and retirees with questions about the subject. Ms. Gierer reported that Superintendent Bedell was sworn-in as a KCPSRS Trustee on September 20th. She alerted the Board that an email with an online survey would be sent to Trustees and Staff in anticipation of the November 2016 meeting discussion of KCPSRS' mission statement development.

On motion of Mr. Rogers, seconded by Mr. Brown, the Board voted to adjourn at 6:20 p.m.

Respectfully submitted,



Christine Gierer, Executive Director