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**KANSAS CITY PUBLIC SCHOOL RETIREMENT SYSTEM**

MINUTES OF MEETING

Monday, June 11, 2018

The Board of Trustees of the Kansas City Public School Retirement System met in REGULAR SESSION on Monday, June 11, 2018 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  
Mark T. Bedell  
Joanne M. Collins  
Carl Evans  
Beverly Pratt  
Debbie Siragusa  
Boni Tolson  
Brian D. Welch

Members Absent: Roger Offield  
Curtis L. Rogers  
Lazona Stovall  
Bakari Ukuu

Staff Present: Christine Gierer, Executive Director  
Jill Chaloupka  
Laura J. Oswald

Others Present: Mark Flaherty, Esq.  
Rosemary Guillette, Segal Marco Advisors  
Patrice A. Beckham, Cavanaugh Macdonald

There being a quorum present, the meeting was called to order at 4:10 p.m.

Horace Coleman, Jr., Chairperson presiding:

On motion of Ms. Pratt, seconded by Mr. Evans, the Board voted to approve the following items on the consent agenda:

Approval of the minutes of the Business and Technology Meeting held Monday, May 7, 2018

Approval of the minutes of the Regular Meeting of the Board of Trustees held Monday, May 7, 2018

Approval of cash disbursements for the month of April 2018

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 asked for introductions of the current KCPSRS staff. Each staff member introduced themselves and gave a brief description of their job duties either in person or via video.

Mr. Coleman requested the report of the Audit Committee.

Mr. Welch, Chairperson of the Audit Committee summarized the Committee's review and suggested additions to the Audit Report on the Financial Statements for the years ended December 31, 2017 and 2016. The Auditor's Report gave a clean opinion of the Financial Statements.

On motion of Mr. Welch, seconded by Ms. Collins, the Board voted to accept the Audit Committee's recommendation to approve the Audit report on the Financial Statements for the years ended December 31, 2017 and 2016.

Mr. Coleman requested the report of the Investment Committee.

Mr. Coleman, as Vice-Chairperson of the Investment Committee, requested that Rosemary Guillette, of Segal Marco Advisors, present a summary of the 1<sup>st</sup> quarter investment performance analysis.

On motion of Ms. Pratt, seconded by Ms. Siragusa, the Board voted to receive and file the report of the Investment Committee.

Mr. Coleman requested Ms. Patrice Beckham, of Cavanaugh Macdonald present the 1/1/2018 actuarial valuation.

Ms. Patrice A. Beckham, of Cavanaugh Macdonald, gave a thorough overview of the 2018 valuation results for KCPSRS. She noted a few major developments, including Plan C active members now for the first time exceeded Plan B active members, the significant \$55 million asset gain of 2017 is being smoothed into the investment experience over five years, the unfunded actuarial accrued liability slightly increased (\$5M) in this valuation, and the actuarial funded ratio is 69%. She spoke favorably of the legislation passed by the Missouri General Assembly and the upcoming increase in contribution rate. She provided projections of the funded ratio, after the changes to the contribution policy, showing the System projected to reach full funding in 2039, assuming all actuarial assumptions occur in all future years. Ms. Beckham introduced several risk metrics for the Plan and concluded by summarizing GASB 67

measures as compared to the 1/1/18 valuation measures, recognizing that each are prepared with slightly different time periods.

On motion of Ms. Siragusa, seconded by Mr. Welch, the Board voted unanimously to accept the report of Cavanaugh Macdonald Consulting, LLC.

On motion of Ms. Collins, seconded by Ms. Pratt, the Board voted unanimously to certify the increase in the contribution rate for employers to 10.5% effective January 1, 2019, per the recently passed legislation.

### **Report of the Chairperson**

Mr. Coleman shared the funeral notice of Regina Brown, wife of past trustee, Richard Brown. Mr. Coleman reminded the Board to complete their hospitality disclosure forms and of the upcoming educational opportunities. Mr. Coleman also mentioned that in January 2019 he would need to step down as chairperson after many years of serving in this role. He encouraged other trustees to consider this role in the future.

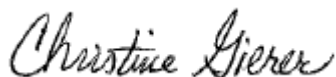
### **Report of the Executive Director**

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

Ms. Gierer asked for a sense from the Board in regard to at least two retirees who have worked more than the 600 hour limitation. After a lengthy discussion, on motion of Ms. Pratt, seconded by Mr. Evans, KCPSRS should continue to pay these retirees through June due to the lateness of notice to KCPSRS of the overage of hours with warning letters for next year. Voting in favor: Coleman, Evans, Pratt, Siragusa, Tolson; voting opposed: Collins, Welch. Motion failed. More discussion noted that Missouri law requires benefit suspension once the information is received as valid. It was recommended that Ms. Gierer, communicate with those retirees that have gone over the 600 hours, suspend their June benefit, and if necessary make arrangements for individual repayment plans with repayment period no longer than December 31<sup>st</sup>, 2018.

The Board adjourned by common consent at 6:40 pm.

Respectfully submitted,



Christine Gierer, Executive Director