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MINUTES OF MEETING

Monday, March 2, 2020

The Board of Trustees of the Kansas City Public School Retirement System met in REGULAR SESSION on Monday, March 2, 2020 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
Javier Alfonso
Mark Bedell
Joanne Collins
Carl Evans
Anthony Madry
Beverly Pratt
Curtis L. Rogers
Debbie Siragusa
Von Smalley
Brian Welch

Members Absent: Roger Offield

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

Others Present: Rosemary Guillette, Segal Marco Advisors
Mark Flaherty, Esq.
Ken Johnson, Loomis-Sayles
Christopher Lazzaro, Loomis-Sayles

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 Mr. Evans 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, February 3, 2020

Approval of the minutes of the Investment Committee meeting held Monday, February 3, 2020

Approval of the minutes of the Policy & Evaluation Committee meeting held, Tuesday, February 11, 2020

Approval of cash disbursements for the month of January 2020

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

On motion of Mr. Rogers, seconded by Dr. Bedell the Board voted to receive and file the report of Loomis-Sayles, as presented by Mr. Johnson and Mr. Lazzaro

Mr. Coleman called for the report of the Investment Committee.

Ms. Siragusa, Chairperson for the Investment Committee, asked Rose Guillette, of Segal Marco Advisors, to provide a summary of the 4th quarter and annual investment reports. Ms. Guillette reported the following to the Board:

2019 4th Quarter Report

KCPSRS total fund gross performance for the one-year period ending December 31, 2019 was 18.89%, outperforming the policy index by .57%, and the net performance of 18.22%, underperformed the policy index by .10%.

In reviewing each fund manager's performance, most met their benchmark for the year.

The major asset classes are all within the target allocations ranges.

Annual Investment Performance vs Investment Objectives

As of December 31, 2019, KCPSRS' total fund met all three objectives (Required Rate of Return; Actuarial Assumed Rate of Investment Return; Policy Index) for the rolling 3-year period and only the Required Rate of Return objective for the rolling 5-year period.

Annual Report of Manager Due Diligence Meetings

Segal Marco performed due diligence meetings with all KCPSRS investment managers during 2019.

Annual Asset Allocation Review

Discussed with the Investment Committee. Segal Marco's recommendation is stay at 12% for the total Real Estate asset class but adjust individual subclasses, Core Real Estate, Value Added Real Estate and Opportunistic Real Estate to 4% each.

Reports and responses requested by KCPSRS Board were provided by both Fisher Investments and J.P. Morgan. The Committee made no recommendations for Board action related to these managers.

On motion of Ms. Siragusa, seconded by Mr. Welch, the Board voted to accept the report of the Investment Committee and to approve the recommendation to adjust the current Real Estate portfolio sub-asset class target allocations by decreasing the allocation target of Core Real Estate from 6% to 4% and increasing the

allocation target of both Value Added Real Estate and Opportunistic Real Estate from 3% to 4%, as well as, adjusting the KCPSRS Investment Policy to reflect this change.

On motion of Ms. Collins, seconded by Ms. Pratt, the Board voted to go into Executive Session with Trustees Coleman, Alfonso, Bedell, Collins, Evans, Madry, Pratt, Rogers, Siragusa, Smalley, and Welch voting in favor at 5:05 p.m. The Board came out of Executive Session at 5:20 p.m.

Mr. Rogers, Chairperson for the Policy & Evaluation Committee reported that in Executive Session the Board passed, ten in favor and one against, a 3% salary increase for the Executive Director retroactive to January 1, 2020.

Report of Chairperson

Mr. Coleman updated the Board of the approved trustee educational travel plans for 2020.

Mr. Coleman requested that Mr. Madry and Mr. Smalley report on their attendance of International Foundation of Employee Benefit Plans (IFEBP) New Trustees Institute. Mr. Smalley and Mr. Madry reported they covered a lot of information in a short time. The training provided them with extended knowledge and raised some questions regarding KCPSRS fiduciary insurance. Mr. Flaherty answered some of the questions related to Directors & Officers insurance. Trustees suggested the topic of insurance and KCPSRS coverages be included in an upcoming meeting or educational session.

Report of the Executive Director

Ms. Gierer provided her report on operational, communication, and Board issues. Ms. Gierer updated the Board on the progress of several on-going projects. Ms. Gierer stated reports were sent to the actuary and auditors. Ms. Gierer also reported new *Request for Refund* forms and paperwork have been created, two Pre-Retirement Seminars were held in February, two new blog posts were posted, and several Board policies are being reviewed for clarifications and will be presented to the Policy and Evaluation Committee in the coming months. Ms. Gierer mentioned starting a new project to contact all retirees over 100 years old.

Other Business

Ms. Gierer announced the upcoming retirement of benefits attorney, Ruth Hayes, Esq., Husch Blackwell, LLC, at the end of December 2020. The Chairman asked for an Ad Hoc Committee to start the search process for a successor for this role. Members of the Ad Hoc Committee are Ms. Collins, Ms. Siragusa and Mr. Smalley.

The Board adjourned by common consent at 5:47p.m.

Respectfully submitted,



Christine Gierer, Executive Director