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## MINUTES OF MEETING

Monday, September 11, 2023

The Board of Trustees of the Kansas City Public School Retirement System met in REGULAR SESSION on Monday, September 11, 2023, at 4:00 p.m. via Zoom and in the Retirement System's conference room at 3100 Broadway, Suite 1211, Kansas City, MO.

Members Present (via Zoom):

- Cecelia Carter, Chairperson
- Lauren Amicone (Zoom)
- Jamekia Kendrix (Zoom, Joined at 4:25 p.m.,)
- Judy Morgan (Joined 4:06 p.m.)
- Andrew Murphy (Zoom, Joined 4:04 p.m.)
- Roger Offield (Joined 4:06 p.m.)
- Beverly Pratt (Zoom)
- Debbie Siragusa (Zoom, left 6:15 p.m.)
- Eddie Smith (Zoom)
- Linda Watkins (Zoom, Left 5:40 p.m.)
- Brian Welch (Zoom)

Members Absent: Jennifer Collier

Staff Present:

- Jim Roehner, Executive Director
- Kelly Fowler
- Zoe Wilson
- Franck Akati (Left 5:15 p.m.)
- Cierra Kelley (Left 5:15 p.m.)

Others Present:

- Jonathan N. Dilly, Swanson Bernard
- Rosemary Guillette, Segal Marco Advisors
- Hal Hunt, CBIZ
- Missi Ryherd, CBIZ

There being a quorum present, the meeting was called to order at 4:02 p.m.

Cecelia Carter, Chairperson presiding:

Ms. Carter asked if there were any questions regarding the consent agenda items. There being none, Ms. Carter asked Jim Roehner, the executive director, and Jon Dilly, general counsel, to comment on the budget variance report regarding legal fees. Mr. Roehner responded to the question that legal fees included Richardson vs. Roehner litigation fees spent to satisfy the insurance claim deductible.

On motion of Eddie Smith, seconded by Debbie Siragusa, the Board voted to approve the following items on the consent agenda:

Approval of the minutes of the Legislative & Benefits Committee Meeting held Thursday, June 1, 2023

Approval of the minutes of the Investment Committee Meeting held Monday, June 5, 2023.

Approval of the minutes of the Regular Meeting of the Board of Trustees held Monday, June 5, 2023

Approval of the minutes of the Policy & Evaluation Committee Meeting held Tuesday, June 27, 2023

Approval of the minutes of the Executive Committee Meeting held Wednesday, July 19, 2023

Approval of the minutes of the Special Board Meeting held Monday, August 14, 2023

Approval of the cash disbursements for the months of May, June, and July 2023

Approval of the report of the Secretary submitting the names of members retiring since 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 Budget Variance Report for pension fund and technology for the quarter ending June 30, 2023

Ms. Carter called for the Report of the Executive Director. Mr. Roehner reported on system administration/operations, member/employer communication, and board policies/strategic objectives. He met with Raj Jayaraman, Associate Director at Sagitec, to discuss audit-related pension administration software issues, billable support hours, and additional software training for new staff members. A discussion ensued amongst Board members about scheduling a meeting of the Business & Technology committee on or before the October Board meeting to review vendors. Mr. Roehner reported that Kelly Fowler, Benefits Administrator & Educator, presented at the Kansas City Public School (KCPS) New Hire Orientation sessions, and she sent participating-employers "Welcome Back to School" email with links to informational videos and important retirement documentation. Ms. Carter requested that Mr. Roehner and staff follow up with KCPSRS' participating-employers to ensure they have been and continue to relay KCPSRS' communications to their staff on behalf of the Retirement System. It was also noted that KCPSRS Board members would like to be included on future invitations to presentations and events being attended or held by staff members of the Retirement System.

Ms. Carter called for the report of the Investment Committee.

Debbie Siragusa, Chairperson of the Investment Committee, requested that Rosemary Guillette, Segal Marco Advisors, present a summary of the 2<sup>nd</sup> quarter investment performance analysis. Ms. Guillette reviewed the performance and compliance table as of June 30, 2023. She also discussed the new target asset allocation timeline for next steps and recommended (and Board members agreed) tabling the first reading of Investment Policy changes to the October Board meeting.

On motion of Beverly Pratt, seconded by Linda Watkins, the Board voted unanimously in favor to accept and file the report of the Investment Committee.

Ms. Carter requested Auditors, Hal Hunt and Missi Ryherd of CBIZ and Mayer Hoffman McCann (MHM) LLC, give an update on the 2022 Audit.

Ms. Ryherd addressed contribution and contribution receivable data issues for 2022 requiring adjusting manual entries to the general ledger as of December 31, 2022 and their next steps in completing the audit process. She determined that the financial reporting discrepancies were discovered to have started in October 2022. She was asked if they had any recommendations to avoid future audit complications. Ms. Ryherd stated that an internal controls and oversight recommendation will be included in the draft Audit Report of the Financial Statements. Further discussion ensued regarding the 2023 bank reconciliations having been delayed due to the inability to close the 2022 books. The Auditors recommended the Retirement System start the reconciliation process despite the unresolved issues with the general ledger and pension administration & retiree payroll system.

Ms. Ryherd also informed Board members that the 2022 Audit contractual hours were used up, and she estimated sixty-five additional billable hours were needed to complete the audit ahead of the November 6, 2023 Board meeting. She stated the additional fees were the direct result of this year's audit taking longer than scheduled.

Trustees asked Mr. Roehner to contact Sagitec about providing the Retirement System with their SOC 1 Report on internal controls over financial reporting. Mr. Roehner will verify whether Sagitec can produce the SOC 1 Report and update the Board of Trustees with the result of his inquiry at October's Board meeting.

Brian Welch, Chairperson of the Audit Committee, requested a call with Mr. Roehner and Franck Akati, Senior Financial Accountant, to discuss the 2023 bank reconciliations. Mr. Roehner stated that he will coordinate a call on Tuesday, September 12<sup>th</sup>.

Ms. Carter asked that the closed agenda item be moved ahead of the trustee election and school board appointment discussion.

Ms. Carter recommended the Board move into a closed meeting pursuant to RSMo 610.021 (1) & (12).

On motion of Judy Morgan, seconded by Roger Offield, Ms. Carter asked Mr. Roehner to conduct a roll call vote to move the meeting into closed session with Trustees Amicone, Carter, Kendrix, Morgan, Murphy, Offield, Pratt, Siragusa, Smith, Watkins, and Welch voting in favor to go into closed session at 5:19 p.m. Trustee Jennifer Collier was absent. The Board of Trustees came out of closed session at 5:26 p.m. and the meeting returned to an open session.

Ms. Carter called on the Executive Director to discuss the upcoming trustee election. Mr. Roehner informed Board members that the election is on schedule, and he has completed the election requirements checklist provided by 3<sup>rd</sup> party election services provider, Survey & Ballot Systems. He also announced that Lauren Amicone's term expires on December 31, 2023. Ms. Amicone explained to the Board the reasons why she would not run for re-election. Trustees thanked her for her service. Dr. Smith acknowledged his term will be expiring on December 31 as well, but he expressed his interest in serving another four-year term. On behalf of the KCPSRS Board of Trustees, Mr. Roehner informed Board members that he sent a letter to Lisa Limberg, Secretary to the Board of Directors at Kansas City Public Schools, recommending Dr. Smith's reappointment. A brief discussion ensued regarding Board development and recruitment. Mr. Offield shared how the Board of Trustees managed the elections and recruitment of new Board members in the past. Trustees expressed their appreciation to Mr. Offield for sharing his perspective.

Jamekia Kendrix inquired about KCPSRS policy on communication. Mr. Roehner was asked to give an executive

overview to the Board of Trustees. He reviewed operational best practices staff members used to serve our members and other stakeholders. Ms. Pratt recommended the Board of Trustees create its own Communication Policy through the Policy and Evaluation Committee. Ms. Kendrix duly noted Ms. Pratt's recommendation. A discussion followed about also creating a social media policy to be taken into consideration by the Business and Technology Committee as an agenda item at its next scheduled meeting. It too was duly noted by Co-Chairperson's Pratt and Andrew Murphy.

Ms. Carter called on Mr. Roehner to open the discussion on securities litigation. The Retirement System's securities litigation firm contacted Mr. Roehner, Labaton Sucharow, LLP, about a potential class action lawsuit. KCPSRS has a small position, but enough for the law firm to send a letter to review the company's books and records. Mr. Dilly stated that policy does not address this issue, and as such, the Board of Trustees would need to approve serving as lead plaintiff and to sending a letter as a shareholder. Mr. Roehner raised for Board members consideration drafting a portfolio litigation monitoring policy. Through the Chairperson, Ms. Guillette stated that historically securities litigation class action lawsuits were brought to the full Board's attention only when we have large amounts at stake.

Ms. Carter requested that the periodic vendor re-evaluations to review the actuarial and investment consulting service providers be added to October's meeting agenda.

Ms. Carter opened the discussion on the security breach at PBI Research by the MOVEit cyberattack in late May. Mr. Roehner informed the Board of Trustees that he reached out to the Retirement System's PBI account manager to inquire about whether KCPSRS was affected by this breach. He was reassured that there was no evidence KCPSRS' data was compromised, and that if KCPSRS' members or retirees received notification regarding this breach, it is not due to their association with KCPSRS.

Mr. Roehner reviewed the refund payment and the employer payment reports. Ms. Carter requested the following format changes to the employer payment report be completed before the next, regularly scheduled Board meeting: (1) show a summary of total contribution payments received and (2) payments due.

The meeting was adjourned by common consent at 6:25 p.m.

Respectfully submitted,



Jim Roehner, Executive Director