

**MINUTES  
KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM  
BOARD OF TRUSTEES  
EDUCATIONAL AND PLANNING MEETING**

**October 19, 2017**

The meeting was called to order by Chairperson Lois Cox at 10:02 a.m. in the Emerald Room at the Capital Plaza Hotel in Topeka, Kansas.

Board Members present:

- Lois Cox, Chairperson
- Kelly Arnold, Vice Chairperson
- Ernie Claudel
- Shawn Creger
- James C. Cusser
- Jake LaTurner
- Ryan Trader
- Michael Rogers

**KPERS 101 – A Basic Overview**

Chairperson Lois Cox welcomed all participants, discussed the goals of the session and introduced James C. Cusser as the newest KPERS Board member, who was appointed by Governor Sam Brownback on September 26, 2017.

**Introduction**

Chairperson Cox recognized Alan Conroy, Executive Director. Mr. Conroy provided a summary of the meeting's topics and responded to questions.

**Basics of KPERS Benefit Structure, Including How Benefits are Earned and Calculated**

Chairperson Cox recognized Mary Beth Green, Chief Benefits Officer. Ms. Green provided an overview of the KPERS benefit structure and how benefits are earned and calculated for KPERS members and responded to questions.

**Overview of KPERS Member Benefit Appeal Process**

Chairperson Cox recognized Laurie McKinnon, General Counsel. Ms. McKinnon provided an overview of the law governing administrative appeals and KPERS' internal processes and responded to questions.

**Investment Guide for New Trustees**

Chairperson Cox recognized Allan Emkin and John Burns, Managing Directors of Pension Consulting Alliance. Mr. Emkin provided a comprehensive overview of relevant investment issues for Board members, including investment policy, asset allocation, performance measurement, and risk management, and responded to questions.

## **Overview of Other KPERS Benefit Programs – Death and Disability, Optional Group Life Insurance, and KPERS 457 (Deferred Compensation)**

Chairperson Cox recognized Mary Beth Green, Chief Benefits Officer, and Faith Loretto, Planning and Research Officer. Ms. Green provided an overview of KPERS' Death and Disability and Optional Group Life Insurance programs and responded to questions. Faith Loretto provided an overview of the KPERS 457 plan and responded to questions.

Lunch was served to members of the Board of Trustees.

## **Welcome and Review of Meeting Goals**

The meeting resumed at 1:18 p.m. Chairperson Cox welcomed all participants and reviewed the goals of the session.

## **Board of Trustee Fiduciary Duties**

Chairperson Cox recognized Laurie McKinnon, General Counsel. Ms. McKinnon reviewed the general fiduciary principles and fiduciary obligations of Board members and responded to questions.

## **Overview of Board Committee Duties**

Chairperson Cox recognized Alan Conroy, Executive Director. Mr. Conroy presented an overview of the purpose and duties of KPERS Board committees and responded to questions.

## **Diligent Board Book Basics and Overview**

Chairperson Cox recognized Mike Branam, Chief Information Officer. Mr. Branam provided an overview of the Diligent Board Books program for Board and Committee meetings materials and responded to questions.

## **Actuarial Overview, Including Funded Ratio, Unfunded Actuarial Liability and Governmental Accounting Standards Board Net Pension Liability**

Chairperson Cox recognized Pat Beckham of Cavanaugh Macdonald Consulting, LLC. Ms. Beckham provided an overview of the process, purpose and value of actuarial projections and studies and the Governmental Accounting Standards Board (GASB) net pension liability and responded to questions.

## **KPERS Communications Plan Update**

The Chairperson recognized Kristen Basso, Communications Officer. Ms. Basso provided an overview of the KPERS Employer Web Portal and the activities of the communications department and responded to questions.

## **Review of KPERS 5-Year Strategic Plan**

The Chairperson recognized Alan Conroy, Executive Director. Mr. Conroy introduced Jarod Waltner, Assistant Planning and Research Officer, to discuss the KPERS 2016-2020 Strategic Plan.

Mr. Waltner also provided a summary of the typical strategic planning purpose, process and value of the strategic plan and responded to questions.

## **Panel Discussion on Retirement Readiness for KPERS Members**

A panel consisting of Pat Beckham, Cavanaugh Macdonald; Jake O'Shaughnessy, SageView Advisory; Kristen Basso, KPERS Communication Officer; and Faith Loretto, KPERS Planning and Research Officer, presented information relating to national trends in public pension plans, the changing role of personal savings for public employees, and retirement readiness challenges for members of KPERS 3 and responded to questions.

## **Dinner and Presentation in the Pioneer Room**

Board members and staff met in the Pioneer Room at the Capitol Plaza Hotel at 6:00 p.m. for dinner and a presentation from BlackRock. Michael C. Foley, Managing Director, BlackRock, introduced Jeffrey Rosenberg, Managing Director, BlackRock, who discussed the firm's current Global Economic and Market Outlook and responded to questions.

# **MINUTES KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM BOARD OF TRUSTEES EDUCATIONAL AND PLANNING MEETING**

**October 20, 2017**

The Educational and Planning Meeting resumed on Friday, October 20, 2017 and was called to order by Chairperson Lois Cox at 8:30 a.m. in the Emerald Room at the Capital Plaza Hotel in Topeka, Kansas.

Board Members present:

- Lois Cox, Chairperson
- Kelly Arnold, Vice Chairperson
- Ernie Claudel
- Shawn Creger
- James C. Cusser
- Ryan Trader
- Michael Rogers

## **CEM Benchmarking Analysis of KPERS Operations**

The Chairperson recognized Michael Reid of CEM Benchmarking, Inc. Mr. Reid provided a report on the results of the KPERS Benchmarking Analysis and responded to questions.

## **Overview of Investments**

The Chairperson recognized Elizabeth Miller, Chief Investment Officer. Ms. Miller presented an overview of the management of the Retirement System's \$18.8 billion investment portfolio and responded to questions.

## **Currency Management Overview**

The Chairperson recognized John Burns from Pension Consulting Alliance, who presented an overview of the Retirement System's currency management program, and responded to questions.

## **Private Markets Due Diligence Overview**

The Chairperson recognized Dean Roney, Deputy Chief Investment Officer for Private Markets. Mr. Roney presented an overview of the due diligence process used by the Retirement System's internal investment staff and external investment consultants in the management of the System's Private Markets portfolio, and responded to questions.

## **Barra Risk Metrics Overview**

The Chairperson recognized Bruce Fink, Deputy Chief Investment Officer for Public Markets. Mr. Fink presented an overview of the Retirement System's investment risk management program, which utilizes Barra risk metrics, and responded to questions.

## **Board Discussion on Informational Needs and Self Evaluation**

Board members held a discussion on various informational topics for future consideration. Topics that were discussed included: the liquidity needs of the Trust Fund, retirement readiness, KPERS 457, including auto-enrollment by participants, State/School employer funding, and the value of having recommended investment fund managers appear before the Board before the actual investment is made.

Chairperson Cox adjourned the meeting at 12:12 p.m.