

MINUTES
KANSAS PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF TRUSTEES

March 28, 2025

The meeting of the Board of Trustees was called to order by Chairperson James Zakoura at 10:15 a.m. on March 28, 2025, in the Retirement System Board Room, Topeka, Kansas.

Board members present:	James Zakoura, Chairperson
	Ernie Claudel, Vice-Chairperson
	Emily Hill
	Steven Johnson
	Rich Proehl
	Brad Stratton
	Ryan Trader
	Sam Williams

Board members absent:	Jo Yun
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Chairperson James Zakoura welcomed Chris Huntsman, KPERS retiree, and all other participants.

Public Comments

Chairperson Zakoura recognized Clarence "Sonny" Scroggins. Mr. Scroggins handed out flyers and encouraged Board members not to include KPERS investments in organizations that invest in pharmaceutical companies that sell opioids.

Outstanding Service Awards

Chairperson James Zakoura recognized Alan Conroy, Executive Director. Mr. Conroy congratulated Emily Washington, Fraud Analyst, as the recipient of the KPERS Outstanding Service Award for the period of April 2025 through July 2025 because of the distinguished service she provides to KPERS. Mr. Conroy stated that Emily has developed policies and tools to prevent fraud on member accounts. She reviews and maintains various platforms that help keep our member information secure. Emily also works to educate our own staff to ensure they are doing what they can to protect member data. She assists staff with Member Web Portal issues like unlocking or resetting accounts and creating new accounts. Additionally, Emily has become a training resource for the Benefits and Member Services Division on new security tools. This helps staff know how to identify issues and understand the process to resolve problems.

Emily is driven and a hard worker. This makes her a huge asset to the Benefits and Member Services Division. She has a wealth of knowledge about fraud detection and prevention, which makes her a key part of our team. Emily always puts member needs first, and her calm and gentle approach gains our members' trust.

Emily is a perfect fit to lead the KPERS Fraud Team as she blends her love of customer service and protecting member information. She is very deserving of this term's Outstanding Service Award.

Alan Conroy, Executive Director, and Chairperson James Zakoura awarded Emily Washington with an Appreciation Plaque, congratulating her for the accomplishments and great service to KPERS.

Consent Agenda

The consent agenda included the approval of Board meeting minutes for the January 17, 2025, the consideration of KPERS 3 and Deferred Retirement Option Program (DROP) Interest Credits.

Trustee Williams moved that the Board of Trustees adopt the consent agenda. Trustee Trader seconded the motion. The motion carried.

Board Elections Information

Chairperson Zakoura recognized Emily Wilson, Communications Officer. Ms. Wilson reviewed the procedures of the Board Elections for non-school and school trustees and responded to questions.

Executive Director's Report

Chairperson Zakoura recognized Alan Conroy, Executive Director. Mr. Conroy reported on recent agency activities including:

Benefits and Member Services staff members handled 22,199 incoming phone calls and nearly 6,500 emails from members and employers. Many of those inquiries were related to changes in federal tax withholding for retirees and distribution of more than 139,000 1099-R tax forms.

Staff members processed 883 retirement applications for new retirees during January and February. This included issuing \$26.2 million in partial-lump sum payments to 257 retirees.

Education and Training staff presented pre-retirement webinars to 536 members approaching retirement, and employer-focused webinars to 239 new designated agents.

KPERS' Chief Fiscal Officer Judy McNeal retired on March 14, 2025. KPERS welcomed her successor, Kris Holm, on March 3, 2025. Mr. Holm joins KPERS from the Kansas Department of Revenue, where he was the Chief Financial Officer.

KPERS published the 2024 GASB 68 report on kspers.gov on January 31, 2025. GASB 75 reports were made available for employers on February 13, 2025.

The Employer Auditing Unit completed 11 employer audits since the January Board meeting, which brings the total to 61 for Fiscal Year 2025. The team also began working with KPERS' Internal Audit staff on employer payroll information for 70 employers chosen for the FY 2025 GASB 68 audit.

The Employer Reporting Unit responded to more than 4,900 calls and emails since January. In addition, staff distributed nearly 3,500 letters on various topics to employers.

Information Technology (IT) staff has been working on the .ORG to .GOV conversion, data cleansing, image migration, the KAPS Project, the KITS framework upgrade, the Board Election, and day-to-day issues. Since January, IT staff responded to 386 HelpDesk tickets.

The decision was made to move the KAPS platform from Oracle Cloud to Microsoft Azure. Migration is complete and testing was successful.

The IT Team has also been working with our vendors to support data cleansing and image migration efforts. The team is working with Genus Technologies to extract test images from KITS and move them to the Tegrit's Arrivos platform. The Legacy Digitization project also continues, with efforts to update the ImageHost application to view microfiche.

Investment staff held fourth quarter reviews with each public market investment manager. Policy benchmark and asset class name changes went into effect on January 1, 2025, as approved by the Board of Trustees. Portfolios for two new high yield managers were fully funded as planned.

KPERS hired the international equity manager approved by the Board of Trustees in January 2025, and the portfolio is fully funded. Two legacy manager portfolios were terminated in conjunction with these new manager hires.

Planning and Research staff has been working on legislative issues including 15 fiscal notes, 15 bill summaries, nine pieces of testimony on seven bills, budget testimony, and overview presentations to three committees. Staff put a significant effort on the Kansas Retirement Investment and Savings Plan (KRISP), a proposed defined contribution plan for future members.

Deferred Compensation KPERS 457 plan staff continue to add more local employers to both the KPERS 457 plan and the KPERS 401(a) plan. Since January, KPERS 457 added three local government plans (City of Marion, Fairmont Township Fire Department and Rooks County Conservation District). The KPERS 401(a) plan also added three new plans (Douglas County, Wellington Recreation Commission, and the City of Garnett). This makes a total number of six joinders added in 2025. Empower will work to enroll new participants and post their deferrals.

In February, staff removed the TCW MetWest Total Return Bond Fund (MWT SX) from the KPERS 457 Investment offerings. The replacement is the Baird Core Plus Bond Fund Class Institutional Fund (BCOIX), as approved at the November 2024 Board Meeting. All existing assets were mapped from the MetWest fund to the Baird fund in mid-February.

The Communications team has been focused on promotions for the Board of Trustees Election, reviewing and editing all forms and letters for KAPS, and corporate identity/branding/art for print publications, kspers.gov and the KPERS building.

Staff continued planning and marketing efforts with Benefits and Member Services for various employer webinars (including designated agent workshop seminars, KP&F workshop webinar and pre-retirement seminars), the November 2025 Employer Conference, and a Spring 2025 Employer Advisory Group meeting. Staff is also coordinating printing and mailing of the 2024-member annual statements.

Project Management has been working on the KAPS Project as their key focus. Staff will develop and test 11 sections over the next five years as part of the new pension administration system. Each section will focus on a different area of functionality. Staff

launched the first section, Member Information and Beneficiaries, in January. Design is almost finished, and development has begun. KAPS Project Staff and KPERS' subject matter experts will begin user acceptance testing in April.

Project Management staff also assisted with projects for the 1099-R statements, tax withholding letters, member annual statement projects, LexisNexis, .ORG to .GOV, and the KITS framework upgrade.

Our contractor completed first and second floor lobby refresh project in late March. New flooring and lighting were installed in the first and second floor lobby. We also began a project to refresh the first-floor breakroom with new flooring, cabinets and lighting.

KPERS has selected a contractor from three competitive bids for remodeling work on all three floors. The third-floor space will soon be used for staff in Investment and Fiscal Services divisions, KPERS 457, Internal Audit and Empower.

KPERS staff conducted a pre-Spring Break outreach to the Sheldon Head Start School. Sheldon staff indicated they were running low on their back-up clothing supply in all toddler sizes. Our KPERS staff collected numerous clothing items to help. We also provided cookies for the staff at Sheldon on their last day at school before Spring Break.

The Executive Committee hosted a lunch this week as part of the Employee Appreciation Week at KPERS for all staff. We presented staff service awards at the luncheon for 10, 20, and 30 years of KPERS and/or State service. Other activities included bingo, popcorn and nachos, and a challenge activity to see how high a team of employees could construct a pyramid made from spaghetti and marshmallows.

In February, Alan Conroy, Executive Director made a presentation to the Kansas State Council of Fire Fighters.

Mr. Conroy has also provided considerable testimony to legislative committees during the 2025 Session of the Legislature. The external presentation, as well as a several KPERS presentations to various legislative committees, may be found in the Resources Book in Diligent for your information.

Investment Operations

Chairperson Zakoura recognized Aysun Kilic, Meketa Investment Group. Ms. Kilic reviewed a Semi-Annual Investment Performance Report for the System's investments for time periods ending December 31, 2024. She reported that the Retirement System experienced a total return of 9.3% for calendar year 2024, trailing the Policy Index benchmark by 0.8%. Ms. Kilic reported that the System's investment portfolio has outperformed the Policy Index benchmark over the trailing three-year, five-year and ten-year time periods by 0.3%, 0.6%, and 0.4%, respectively. Ms. Kilic responded to questions from the Board.

Chairperson Zakoura again recognized Aysun Kilic, Meketa Investment Group. Ms. Kilic reviewed the organization's Investment Capital Markets Outlook and Risk Metrics Report and responded to questions.

Investment Committee Report

The Investment Committee met on Thursday, March 27, 2025. Trustee Emily Hill, Chairperson of the Committee, provided a report and responded to questions.

Trustee Hill moved that the Board of Trustees approve a commitment of up to \$210 million to The Lyme Forest Fund VI LP and to authorize staff to proceed with the investment pending a satisfactory and final legal review of corresponding partnership documents. Trustee Williams seconded the motion. The motion carried.

Trustee Hill moved that the Board of Trustees approve an additional commitment of up to \$70 million to IIF Hedged LP and to authorize staff to proceed with the investment pending a satisfactory and final legal review of corresponding partnership documents. Trustee Johnson seconded the motion. The motion carried.

Trustee Hill moved that the Board of Trustees approve an additional commitment of up to \$75 million to LaSalle Property Fund, L.P. and to authorize staff to proceed with the investment pending a satisfactory and final legal review of corresponding partnership documents. Trustee Stratton seconded the motion. The motion carried.

Trustee Hill moved that the Board of Trustees approve rescission of the commitment of up to \$85 million to the Principal Data Center Growth & Income Fund, L.P. adopted on November 22, 2024. Trustee Claudel seconded the motion. The motion carried.

Audit Committee Report

The Audit Committee met on Friday, March 28, 2025. Trustee Sam Williams, Vice-Chairperson of the Committee, provided a report and responded to questions.

Deferred Compensation Committee Report

The Deferred Compensation Committee met on Thursday, March 27, 2025. Trustee Ryan Trader, Chairperson of the Deferred Compensation Committee, provided a report and responded to questions.

Personnel Committee Report

The Personnel Committee met on Friday, March 28, 2025. Trustee Claudel, Chairperson of the Committee, provided a report and staff responded to questions.

Trustee Claudel moved that the Board of Trustees approve the payment of incentive compensation awards to the eligible investment staff for calendar year 2024 as calculated by CBIZ Talent & Compensation Solutions and as recommended by the Personnel Committee and the Executive Director. Trustee Hill seconded the motion. The motion carried.

Status Report on the 2025 Legislative Session, Including the KPERS Operating Budget

Chairperson Zakoura recognized Jarod Waltner, Planning and Research Officer. Mr. Waltner reviewed the Status Report of the 2025 Legislative Session, including the KPERS operating budget. Mr. Waltner responded to questions.

The Retirement System Monthly Operations Report and Retirement System Monthly Financial Report

Chairperson Zakoura recognized Mary Beth Green, Chief Benefits Officer. Ms. Green reviewed the monthly operations report of the Benefits and Member Services Division's performance and responded to questions.

The Chairperson recognized Kris Holm, Chief Fiscal Officer. Mr. Holm reviewed the monthly financial report and responded to questions.

KPERS Strategic Plan Fiscal Years 2026-2030

Chairperson Zakoura recognized Jarod Waltner, Planning and Research Officer. Mr. Waltner reviewed the KPERS Strategic Plan for Fiscal Years 2026-2030. Mr. Waltner discussed the Strategic Plan history for maintaining a 5-year strategic plan was established in 2005. The KPERS' Mission and Core Values have not changed. He stated that information management is becoming more critical. The Strategic goals include sound funding, prudent investments, excellent service, secure and accurate data, and talent management. Mr. Waltner responded to questions.

Chairperson Zakoura moved that the Board of Trustees approve the Fiscal Year 2026 to Fiscal year 2030 Strategic Plan. Trustee Claudel seconded the motion. The motion carried.

Authorization of a Procurement Negotiating Committee for Death and Disability Actuarial Services

Chairperson Zakoura recognized Laurie McKinnon, General Counsel. Ms. McKinnon reviewed the information for the authorization of a Procurement Negotiating Committee for Death and Disability Actuarial Services. Ms. McKinnon responded to questions.

Trustee Zakoura moved that the Board of Trustees authorize the Executive Director to convene a Procurement Negotiating Committee and issue a request for proposals for death and disability fund actuarial consulting services. Trustee Hill seconded the motion. The motion carried.

Initial Review of Proposed Board Meeting Dates for Fiscal Year 2025 (July 1, 2025 - June 30, 2026)

Chairperson Zakoura recognized Alan Conroy, Executive Director. Mr. Conroy reviewed the proposed Board Meeting dates for Fiscal Year 2026 and responded to questions.

Other Business

There was no other business.

Informational Items

Chairperson Zakoura called the Board's attention to the informational items behind Tab M in the Board Book.

Board Self Evaluation

There was no further discussion.

Meeting Adjourned

Trustee Proehl moved to adjourn the meeting at 1:10 p.m. Trustee Claudel seconded the motion. The motion carried.