

MINUTES OF MEETING #384
BOARD OF TRUSTEES
KENTUCKY RETIREMENT SYSTEMS
AUGUST 15, 2013, 9:30 A.M., E.T.
1270 LOUISVILLE ROAD, FRANKFORT, KENTUCKY 40601

At the Quarterly Meeting of the Board of Trustees held on August 15, 2013, the following members were present: Randy Overstreet, Chair; Mike Cherry, Ed Davis, Tommy Elliott, JT Fulkerson, Joseph Hardesty, Bobby Henson, Secretary Tim Longmeyer, Betty Pendergrass, and Susan Smith. In addition, staff members present were William Thielen, Karen Roggenkamp, Charlene Haydon, TJ Carlson, Jennifer Jones, Todd Coleman, Scarlett Consalvi, Connie Davis, Marlane Robinson, Erica Bradley, Samantha Payne, and Leigh Taylor. Also present were Mike Wynn, Mary Helen Peter, Frank Willy, Steve Barger, Brad Gross, Jim Carroll, Eva Smith Carroll, Larry Totten, Christy Dolan, Jason Johnson, Linda Hinton, Shirley Clark, Joyce and Peter Wolff, Honor Barker, Troy Robinson, Alex Fontana, Bryanna Carroll, Kevin Wheatley, and David Rich.

Mr. Overstreet convened the Board of Trustees Meeting and welcomed new Trustees Mr. Fulkerson and Mr. Hardesty, who were sworn in at the July 25, 2013 meeting. Mr. Overstreet then introduced the agenda item *Approval of Minutes*. Mr. Elliott moved and was seconded by Ms. Pendergrass to approve the minutes of the May 30 and July 25-27, 2013 meetings. The motion passed unanimously.

Mr. Overstreet presented the agenda item *Affirmative Action Plan*. Ms. Robinson provided the quarterly update to the Trustees. This report was provided for informational purposes only.

Mr. Overstreet presented the agenda item *Human Resources Committee Report*. Ms. Smith reported on the actions of the Human Resources Committee from the August 15, 2013 meeting. Ms. Robinson reported on the continuation of the employee Health Reimbursement Account for 2014. Ms. Smith moved and was seconded by Ms. Pendergrass to accept the continuation of the HRA for KRS employees with a monthly contribution of \$36.74 per eligible employee and the monthly waiver contribution to match that which is provided by the Personnel Cabinet. The motion passed unanimously. Ms. Robinson reported on the results of the annual Performance Planning and

Review. Ms. Smith moved and was seconded by Ms. Pendergrass to accept the appropriate performance incentive as determined by each individual rating. The motion passed unanimously.

Mr. Overstreet introduced the agenda item *Audit Committee Quarterly Report*. Ms. Davis reported on the audits as discussed at the August 1, 2013 meeting. Mr. Henson moved and was seconded by Mr. Cherry to accept the results of the audits as approved by the Audit Committee. The motion passed unanimously.

Mr. Overstreet introduced the agenda item *Legal, Compliance, and Governance Committee Report*. Mr. Overstreet reported on the actions of the as discussed at the August 8, 2013 meeting. Mr. Thielen detailed the proposed bylaw changes resulting from the Committee meeting. Secretary Longmeyer moved and was seconded by Mr. Cherry to table the proposed changes until the December 5, 2013 meeting. The motion passed with Ms. Smith abstaining. Secretary Longmeyer moved and was seconded by Mr. Cherry to publish the working draft of the proposed bylaw changes on the KRS website. The motion passed with Ms. Smith abstaining. Mr. Elliott moved and was seconded by Ms. Smith to refer the proposed election policy changes back to the Audit Committee for review. The motion passed unanimously. Mr. Cherry moved and was seconded by Ms. Smith to accept the proposed changes to the Procurement Policy with a \$39,999.00 limit. The motion passed by majority.

Mr. Overstreet called for a short recess and the room emptied.

Mr. Overstreet called the meeting back into session and introduced the agenda item *Nomination of Candidates for 2014 KERS Election Ballot*. Ms. Davis reviewed the policy for the Board. After the ballots were tabulated, Ms. Davis presented the following names, in random order, as candidates for the 2014 KERS Election Ballot: Vince Lang, Larry Totten, Mary Helen Peter, Peter Wolff, and Jackie Warner. Secretary Longmeyer moved and was seconded by Ms. Pendergrass to close the nomination process and accept the candidates for the ballot. The motion passed.

Mr. Overstreet introduced the agenda item *Quarterly Financial Statements as of June 30, 2013*. Mr. Coleman presented the unaudited pension and insurance plans asset information. This report was provided for informational purposes only. Ms. Roggenkamp presented the KRS administrative *Quarterly Budget-to-Actual Expense* report as of June 30, 2013. This report was provided for informational purposes only.

Mr. Overstreet introduced the agenda items *Investment Committee Quarterly Report and Investment Portfolio as of June 30, 2013*. Mr. Carlson provided a review of the asset allocations and reported on the actions of the Investment Committee at its meeting on August 6, 2013. Mr. Hardesty moved and was seconded by Ms. Smith to ratify the actions of the Investment Committee. The motion passed unanimously.

Mr. Overstreet introduced the agenda items *KRS Funding Policy*. Mr. Thielen reviewed the funding policy which had been presented by Cavanaugh Macdonald at the July 25, 2013 meeting. Mr. Elliott moved and was seconded by Mr. Cherry adopt the statement of funding policy. The motion passed unanimously.

Mr. Overstreet called for a half hour lunch recess and the room emptied.

During the break, Ms. Robinson exited the meeting. Connie Pettyjohn, Kate Bailey, Stephanie Heller, Carla Whaley, Cindy Shuck and David Fox entered the meeting.

Mr. Overstreet called the meeting back into session and introduced the agenda item *Retiree Health Plan-Out of Pocket Pharmacy Issue*. Ms. Pettyjohn reviewed the issue for the Board. Ms. Heller provided a presentation detailing options for Trustee consideration. After the presentation, Ms. Bailey, Ms. Heller, Ms. Whaley, Ms. Shuck and Mr. Fox answered questions from the Trustees. This report was presented for informational purposes only.

Mr. Henson, Ms. Pettyjohn, Ms. Bailey, Ms. Heller, Ms. Whaley, Ms. Shuck and Mr. Fox exited the meeting.

Mr. Overstreet introduced the agenda item *Informational Reports*. Ms. Haydon presented the reports to the Trustees. These reports were presented for informational purposes only.

Mr. Overstreet introduced the agenda item *Participation of Additional Agencies and Hazardous Positions*. Ms. Smith moved and was seconded by Mr. Davis to accept the report. The motion passed unanimously.

The hazardous positions approved are as follows:

Positions for employees who have a participation date prior to September 1, 2008:

- Sergeant, City of Manchester, July 1, 2012
- Police Lieutenant, City of Eminence, September 1, 2013
- Sheriff, Lyon County Fiscal, July 1, 2013
- Deputy Sheriff, Lyon County Fiscal, July 1, 2013

Positions for employees who have a participation date after September 1, 2008:

- Police Officer, City of Manchester, July 1, 2012
- Police Lieutenant, City of Eminence, September 1, 2013
- Lieutenant, City of London, December 1, 2010
- Sheriff, Lyon County Fiscal, July 1, 2013
- Deputy Sheriff, Lyon County Fiscal, July 1, 2013
- Firefighter, Woodford County Fire District, December 1, 2012

NEW HAZARDOUS POSITIONS FOR KERS AGENCIES:

- Network Analyst I, Commonwealth Office of Technology, November 1, 2012
- Network Analyst II, Commonwealth Office of Technology, November 1, 2012
- Network Analyst III, Commonwealth Office of Technology, November 1, 2012

Bob Evancho, Aaron Hulthans, Scott Weber, and Chris Miller entered the meeting.

Mr. Overstreet presented the agenda item *START Report*. Ms. Roggenkamp provided the quarterly START Project update. This report was presented for informational purposes only.

Mr. Overstreet presented the agenda item *KRS Website Renovation Update*. Mr. Thielen provided background on the new KRS website; Ms. Consalvi introduced Mr. Evancho, Mr. Hulthans, and Mr. Weber who gave an overview of Kentucky Interactive and demonstrated the features of the new KRS website. This report was presented for informational purposes only.

Joseph Bowman and Katherine Rupinen entered the meeting during this discussion.

Mr. Overstreet presented the agenda item *Pending Litigation* and requested a motion to enter closed session under KRS 61.810(1)(c) for a discussion involving pending litigation due to the necessity of protecting the confidentiality of the Systems' litigation strategy and preserving any available attorney-client privilege. Mr. Elliott moved and was seconded by Ms. Smith to enter closed session. The motion passed unanimously.

All participants except the Trustees, Mr. Thielen, Mr. Carlson, Ms. Haydon, Ms. Jones, Mr. Bowman, Ms. Rupinen, and Ms. Taylor exited the meeting.

Mr. Overstreet called the meeting back into open session. Mr. Elliott moved and was seconded by Ms. Pendergrass in the case of *KRS v. Moutardier* to accept the settlement of \$150,000.00 with payment of x amount on set date to be determined and to be paid in full under six years. The motion passed unanimously.

Mr. Overstreet introduced the agenda item *Other Business*. Mr. Overstreet noted the inclusion of external training conference information for informational purposes. The Board agreed to the purchase of tabletop name plaques for meeting purposes.

There being no further business, the meeting was adjourned at 2:50 p.m. to meet on December 5, 2013 at 8:30 a.m. or upon the call of the Chair, Executive Director, or at the request of five members of the Board. Copies of all documents presented are incorporated as part of the minutes of the Board of Trustees as of August 15, 2013.

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CERTIFICATION

I do certify that I was present at this meeting, and I have recorded above the action of the Committee on the various items considered by it at this meeting. Further, I certify that all requirements of KRS 61.805-61.850 were met in connection with this meeting.

A handwritten signature in blue ink, appearing to be "John D. ...", written over a horizontal line.

Recording Secretary

We, the Chair of the Board of Trustees of the Kentucky Retirement Systems and Executive Director of KRS, do certify that the Minutes of Meeting No. 384 held on August 15, 2013, were approved on December 5, 2013.

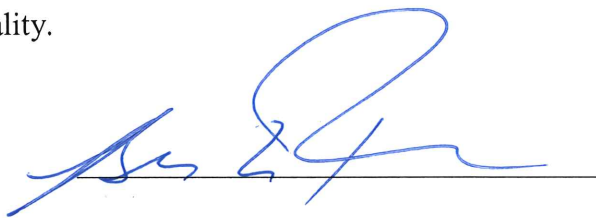
A handwritten signature in blue ink, appearing to be "Rand Overstreet", written over a horizontal line.

Chair

A handwritten signature in blue ink, appearing to be "William A. Thelen", written over a horizontal line.

Executive Director

I, Brian C. Thomas, though not in attendance, have reviewed the Minutes of the August 15, 2013 Board of Trustees Meeting for form, content and legality.

A handwritten signature in blue ink, appearing to be "Brian C. Thomas", written over a horizontal line.

General Counsel