

MINUTES OF MEETING #407
BOARD OF DIRECTORS
KENTUCKY RETIREMENT SYSTEMS
QUARTERLY MEETING DECEMBER 1, 2016 AT 10:00A.M.
1270 LOUISVILLE ROAD, FRANKFORT, KENTUCKY 40601

At the Quarterly Meeting of the Board of Directors held on December 1, 2016, the following members were present: John Farris, Chair; David Harris, Vice Chair; David Adams, John Chilton, William Cook, Ed Davis, Thomas Elliott (non-voting), Joseph Hardesty, Vince Lang, Mark Lattis, Keith Percy, Mary Helen Peter, David Rich, Secretary Thomas Stephens, Randy Stevens, and William Summers. Staff members present were David Eager, Karen Roggenkamp, Rebecca Stephens, David Peden, Dick Brown, Connie Davis, Connie Pettyjohn, Shawn Sparks, Katherine Rupinen, Jennifer Jones, Joseph Bowman, Erica Bradley, Shaun Case, Ann Case, Todd Coleman, Alane Foley, and Leigh Taylor. Also present were Damian Stanton, Rebecca Heckler, Larry Totten, William Biddle, Ryan Bearman, Jim Carroll, Betty Pendergrass, Teresa Sanders, Jennifer Black Hans, Steve Starkweather, Scott McConnell, Sarah Durand, Joseph Overhults and Jim Tencza of Dean Dorton Alan Ford, Tracey Garrison and Carrie Lovell of Humana Doug Price, Carmine Iaccarino, Shellie Hampton, Fred and Rose Nett, Russ Wright, Jim Bondurant, and Zack Ireland.

Mr. Farris called the meeting to order. Ms. Taylor, as Notary, administered the Oath of Office to Mr. Adams. Mr. Adams was welcomed to the Board and provided a brief introduction of his professional background.

Mr. Farris introduced agenda item *Approval of Minutes – September 15, 2016*. Mr. Cook moved and was seconded by Mr. Lang to accept the minutes as presented. The motion carried unanimously.

Mr. Farris introduced agenda item *Public Comment*. Mr. Farris recognized pre-registrant Damian Stanton. Mr. Stanton, a CERS member, spoke on the topic of Assumed Rates of Return

and encouraged the Board to “understand the numbers represent the retirement hopes of people,” and thanked the Board for their time and service.

Mr. Farris introduced agenda item *Actuarial Valuation for the Year Ended June 30, 2016*. Mr. Green and Ms. Bennett of Cavanaugh MacDonald presented the reports via video conference. Mr. Chilton moved and was seconded by Mr. Lang to accept the valuation as presented and the following 2018-2019 employer contribution rates:

	Pension	Insurance	Combined
County Employees Retirement System, Nonhazardous	14.48%	4.70%	19.18%
County Employees Retirement System, Hazardous	22.20%	9.35%	31.55%

The motion passed unanimously; KERS and SPRS rates were deferred to the February 16, 2017 Board meeting.

Mr. Green and Ms. Bennett exited the meeting following the presentations.

Mr. Farris introduced agenda item *Audited Financial Statements for Year Ending June 30, 2016*. Mr. Chilton provided a recap of recent Audit Committee actions. Mr. Chilton then introduced Mr. Tencza and Mr. Overhults from Dean Dorton Allen Ford. Mr. Tencza and Mr. Overhults presented the Audited Financial Statements for Year Ending June 30, 2016. Mr. Chilton moved and was seconded by Mr. Lang to accept the audit, pending editing of the actuarial information. The motion passed unanimously.

Mr. Farris called for a break and the meeting was suspended. *Mr. Chilton, Mr. Tencza, and Mr. Overhults exited the meeting during the break.*

Mr. Farris called the meeting back into session and introduced agenda item *Humana Medicare Eligible Plan Pharmacy Formulary Review*. Ms. Pettyjohn introduced Tracey Garrison and Carrie Lovell of Humana who presented *KRS Medicare Eligible Plan Pharmacy Review*. The presentation was for informational purposes only.

Mr. Farris introduced the agenda item *Audit Committee Report*. Ms. Davis reviewed items from the November 3, 2016 Audit Committee meeting. Ms. Peter moved and was seconded by Mr. Cook to accept the actions of the Audit Committee. The motion passed unanimously.

Mr. Farris introduced the agenda item *Investment Committee Report*. Mr. Harris and Mr. Peden reviewed action and performance items from the previous quarter Investment Committee meetings. Mr. Summer moved and was seconded by Ms. Peter to accept the actions of the Investment Committee. The motion passed unanimously.

Mr. Farris introduced the agenda item *Comprehensive Annual Financial Report Review and Approval*. Ms. Roggenkamp provided a summary of the CAFR and SAFR. Ms. Peter moved and was seconded by Mr. Cook to approve the CAFR as submitted for publication after editorial proofreading and formatting review. The motion passed unanimously.

Mr. Farris introduced the agenda item *Legislative Update*. Mr. Eager provided details on the proposed KRS Housekeeping Bill, HB 62, and other items in the upcoming legislative session. Ms. Peter moved and was seconded by Mr. Cook to allow KRS to seek a legislative sponsor to file the Housekeeping Bill. The motion passed unanimously. Mr. Cook moved and was seconded by Ms. Peter to pursue an amendment to HB 62. The motion passed unanimously.

Mr. Farris introduced the agenda item *Participation of Additional Agencies and Hazardous Positions*. Ms. Roggenkamp reviewed the position classifications presented by the petitioning agencies. Mr. Rich moved and was seconded by Mr. Lang to accept the position classifications. The motion passed unanimously.

Mr. Farris introduced the agenda items *Quarterly Financial Statements as of September 30, 2016 (unaudited) and Year to Date Budget Report*. Ms. Roggenkamp reviewed the Net Positions and the budget. These items were presented for informational purposes only.

Mr. Farris introduced the agenda item *Informational Reports*. Ms. Stephens reviewed the reports for the Board. These items were presented for informational purposes only.

Mr. Lang moved and was seconded by Mr. Cook to enter closed session. Mr. Farris read the following statement: A motion having been made in open session to move into closed session for a specific purpose, and such motion having carried by majority vote in open, public session, the Board shall now enter closed session to consider litigation, pursuant to KRS 61.810(1)(c), because of the necessity of protecting the confidentiality of the Systems' litigation strategy and preserving any available attorney-client privilege. The meeting moved into closed session.

All public attendees exited the meeting; all KRS Staff excluding Executive Staff, Ms. Rupinen, Ms. Jones, and Mr. Bowman exited the meeting. During closed session Ms. Peter, Secretary Stephens, Mr. Elliott, Mr. Lattis, Ms. Stephens, Ms. Roggenkamp, and Mr. Peden exited the meeting.

Mr. Farris reconvened the meeting in open session; no actions were taken during closed session. There being no further business, the meeting adjourned at 1:10 p.m. to meet on February 16, 2017 or upon the call of the Interim Executive Director or the Chair of the Board of Directors.

Copies of all documents presented are incorporated as part of the Minutes of the Board of Directors as of December 1, 2016.

The remainder of this page is intentionally blank.

CERTIFICATION


I do certify that I was present at this meeting, and I have recorded the above actions of the Directors 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 conjunction with this meeting.



Recording Secretary

We, the Chair of the Board of Directors of the Kentucky Retirement Systems and Executive Director of the Kentucky Retirement Systems, do certify that the Minutes of Meeting Number 407, held on December 1, 2016, were approved on February 16, 2017.



Chair of the Board of Directors

Interim Executive Director

I have reviewed the Minutes of the December 1, 2016 Quarterly Board of Directors Meeting for content, form, and legality.



Executive Director
Office of Legal Services