

**MINUTES OF MEETING #380**  
**BOARD OF TRUSTEES**  
**KENTUCKY RETIREMENT SYSTEMS**  
**FEBRUARY 21, 2013, 9:00 A.M., E.T.**  
**1270 LOUISVILLE ROAD, FRANKFORT, KENTUCKY 40601**

At the Quarterly Meeting of the Board of Trustees held on February 21, 2013, the following members were present: Thomas Elliott, Chair; Dr. Daniel Bauer, Vice-Chair; Mike Cherry, Bobby Henson, Vince Lang, Secretary Tim Longmeyer, Randy Overstreet, and Susan Smith. In addition, staff members present were William Thielen, Karen Roggenkamp, Charlene Haydon, TJ Carlson, Jennifer Jones, Ann Case, Todd Coleman, Scarlett Consalvi, Connie Davis, Marlane Robinson, Connie Pettyjohn, Shawn Sparks and Leigh Taylor. Also present were Shirley Clark, Jim Carroll, Eva Smith-Carroll, Ed Davis, Mary Helen Peter, Charles and Cheryl Klunder, David Rich, Jana Smith, Christy Dolan, Mary Tobin Snedegar, and Alex Fontana.

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Mr. Elliott convened the Board of Trustees Meeting and introduced the agenda item *Approval of Minutes*. Mr. Lang moved and was seconded by Dr. Bauer to approve the minutes of the December 5, 2012 meeting. The motion passed unanimously.

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Mr. Elliott presented the agenda item *Oath of Office*. Ms. Taylor, as Notary Public, administered the oath of office to Mr. Mike E. Cherry.

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Mr. Elliott presented the agenda item *Announcement of Committee Appointments* and announced the new committee memberships. This report was provided for informational purposes only.

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

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Mr. Elliott presented the agenda item *Human Resources Committee Report*. Ms. Robinson and Ms. Smith reported on the actions of the Human Resources Committee from the February 12, 2013 special meeting. The Committee continues to review the CBIZ classification and compensation

study and plans to present a final recommendation at the May 2013 Board of Trustees meeting. This report was provided for informational purposes only.

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Mr. Elliott introduced the agenda item *Audit Committee Quarterly Report*. Ms. Davis and Mr. Henson reported the findings of audits discussed and contractual services for third party assessment of the START Application and KRS IT Infrastructure approved at the February 7, 2013, Audit Committee meeting. Mr. Henson moved and was seconded by Sec. Longmeyer to approve the actions of the Audit Committee. The motion passed unanimously.

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Mr. Elliott introduced the agenda item *Retiree Health Plan Committee Report*. Mr. Henson and Ms. Pettyjohn provided an update on the implementation of the Humana MAPD plans as discussed at the February 12, 2013 meeting. Mr. Henson moved and was seconded by Sec. Longmeyer to approve the actions of the Retiree Health Plan Committee. The motion passed unanimously.

*Ms. Robinson exited the meeting.*

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Mr. Elliott introduced the agenda item *Quarterly Financial Statements as of December 31, 2012*. Mr. Coleman noted the numbers were slightly improved, except for the KERS nonhazardous fund which continues to experience a negative cash flow situation. This report was provided for informational purposes only.

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Mr. Elliott introduced the agenda items *Investment Committee Quarterly Report and Investment Portfolio as of December 31, 2012*. Dr. Bauer and Mr. Carlson provided a review of the asset allocations and reported on the actions of the Investment Committee at its meeting on February 5, 2013. Dr. Bauer moved and was seconded by Mr. Overstreet to ratify the actions of the Investment Committee. The motion passed unanimously.

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Mr. Elliott introduced the agenda item *Legislative and Quarterly Budget Update*. Mr. Thielen reported quarterly budget to actual amounts. This report was provided for informational purposes only. Following a review of legislative proposals by Mr. Thielen, Ms. Smith moved and was seconded by Mr. Lang to approve a resolution requesting that the Commonwealth of Kentucky

begin funding the KERS and SPRS plans at 100% of the actuarially recommended contribution rate (ARC) in the next biennial budget and thereafter be distributed to members of the 2013 General Assembly and the Governor's Office. The motion passed unanimously.

*Pam Gibbs and Rebecca Stephens entered the meeting; Mr. Sparks exited the meeting.*

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Mr. Elliott called the meeting back into order after a brief recess and introduced the agenda item *START Quarterly Report*. Ms. Gibbs and Ms. Stephens reported on START from November 2012 through January 2013. This report was presented for informational purposes only.

*Ms. Gibbs and Ms. Stephens exited the meeting following the presentation.*

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Mr. Elliott introduced the agenda item *Actuarial Consulting Services Contracts*. Mr. Thielen presented the background on the KRS Actuarial Services Request for Proposals (RFP) which was issued in April 2012 and the board's decision at its May 2012 meeting to renew the Cavanaugh Macdonald Consulting contract for one year and to make a decision regarding the award of a longer term contract at a later date. Mr. Thielen also presented updated cost proposals from the three RFP respondents. Dr. Bauer moved and was seconded by Mr. Lang to approve a three (3) year contract with Cavanaugh Macdonald Consulting with three (3) one (1) year optional renewals. The motion passed unanimously.

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Mr. Elliott introduced the agenda item *Participation of Additional Agencies and Hazardous Positions*. Mr. Overstreet moved and was seconded by Ms. Smith 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:

- Fire Chief, Buechel Fire District, March 1, 2013
- Deputy Chief – Safety & Support, Buechel Fire District, March 1, 2013
- Patrol Lieutenant, City of Pikeville, March 1, 2013
- Captain-Administration, Murray State University, January 1, 2013
- Captain – Operations, Murray State University, January 1, 2013
- Firefighter/Paramedic – ALS Coordinator, City of Edgewood, December 1, 2012
- Firefighter/Paramedic, City of Edgewood, May 1, 2013

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

Fire Chief, Buechel Fire District, March 1, 2013  
Deputy Chief – Safety & Support, Buechel Fire District, March 1, 2013  
Police Officer, City of Anchorage, March 1, 2013  
Fire Captain, Spencer County Fire District, March 1, 2013  
Firefighter/Paramedic – ALS Coordinator, City of Edgewood, December 1, 2012  
Firefighter/Paramedic, City of Edgewood, May 1, 2013

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

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Mr. Elliott introduced agenda item *Other Business*. Mr. Thielen provided information on a funding policy, the issue of moving the November Trustee Meeting to December, and the digital archiving process for the Boardbooks software. These reports were presented for informational purposes only. Mr. Thielen noted he plans on presenting an updated Procurement Policy to the Trustees at an upcoming meeting and will present a proposed revision to the KRS bylaws which will permanently move the 4<sup>th</sup> quarter board meeting to the first week of December each year.

Mr. Thielen and Ms. Haydon provided background on the decision by the Disabilities Appeal Committee to terminate the contract of Dr. Roger Strunk as a Medical Reviewer due to his failure to provide decisions in a timely manner. Mr. Lang moved and was seconded by Ms. Smith to terminate the contract of Dr. Strunk. The motion passed unanimously.

*Brian Thomas, Katherine Rupinen, and Robert Kellerman entered the meeting.*

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Mr. Elliott 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. Overstreet moved and was seconded by Mr. Lang to enter closed session. The motion passed unanimously.

*All participants except the Trustees, Mr. Thielen, Mr. Carlson, Ms. Haydon, Ms. Jones, Mr. Thomas, Ms. Rupinen, and Mr. Kellerman exited the meeting.*

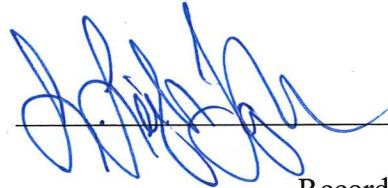
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Mr. Elliott called the meeting back into open session without any items to report from closed session. There being no further business, the meeting was adjourned at 12:05 p.m. to meet on May 16, 2013 at 9:00 a.m. or upon the call of the Chair, Executive 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 February 21, 2013.

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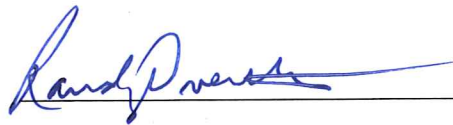
**CERTIFICATION**

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.



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 Special Meeting No. 380 held on February 16, 2013, were approved on April 4, 2013.



Chair



Executive Director

I, Jennifer A. Jones, have reviewed the Minutes of the February 16, 2013 Board of Trustees Meeting for form, content and legality.



Interim General Counsel