

**MINUTES OF MEETING #399**  
**BOARD OF TRUSTEES**  
**KENTUCKY RETIREMENT SYSTEMS**  
**QUARTERLY MEETING SEPTEMBER 10, 2015 AT 9:30A.M.**  
**1270 LOUISVILLE ROAD, FRANKFORT, KENTUCKY 40601**

At the Quarterly Meeting of the Board of Trustees held on September 10, 2015, the following members were present: Thomas Elliott (Chair), Mike Cherry, Ed Davis, Joseph Hardesty, Vince Lang, Keith Percy, Mary Helen Peter, David Rich, Randy Stevens, William Summers and Sharron Burton as proxy for Sec. Longmeyer. Staff members present were William Thielen, Karen Roggenkamp, Rebecca Stephens, David Peden, Brian Thomas, Todd Coleman, Connie Davis, Connie Pettyjohn, Marlane Robinson, Shawn Sparks, Erica Bradley, Ann Case, Shaun Case, Bill Murnighan, Samantha Payne, and Leigh Taylor. Also present were Larry Totten, Jim Carroll, Brad Gross, Joe Lancaster, Russ Wright, Rebecca Heckler, Doug Price, Derek VanMeter, Wanda Booth, Cindy Dempsey, Steve Starkweather, Greg Woosley; Tracey Garrison, Kim Nicholl, Matt Strom of Segal Consulting; Larry Loew, Aleah King, Carla Whaley of Humana; Todd Green and Alisa Bennett of Cavanaugh Macdonald; and Rogier Slingerland of CEM.

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Mr. Elliott introduced the agenda item *Approval of Minutes*. Ms. Peter moved and was seconded by Mr. Summers to approve the minutes of the June 15, 2015 Special Meeting. The motion passed unanimously.

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Mr. Elliott introduced the agenda item *Affirmative Action Plan Report*. Ms. Robinson reviewed the quarterly report for the Trustees. This report was provided for informational purposes only.

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Mr. Elliott introduced the agenda item *Human Resources Committee Report*. Mr. Thielen provided an overview of the Committee meeting for the Trustees. Mr. Stevens moved and was seconded by Mr. Cherry to continue the KRS employee HRA for 2016 with a monthly contribution of \$36.47 per eligible employee and a monthly waiver contribution to match that which is provided by the Commonwealth of Kentucky's Personnel Cabinet. The motion passed

unanimously. Mr. Summers moved and was seconded by Mr. Rich to approve a 1% salary adjustment as provided for other state employees during the 2014 Legislative Session of the Kentucky General Assembly and for those employees who have KRS performance review ratings of 3.80 and higher, provide an additional 1% increase. The motion passed by majority vote with Mr. Percy voting “no.” Mr. Summers moved and was seconded by Mr. Cherry to approve the following: Creation of two new classification specifications - Effective Sept 1, 2015; Paralegal II: Grade O, min of \$3,269.00/month – mid of \$4,086.00/month and Legal Administrative Assistant: Grade L, min of \$2,457.00/month – mid of \$3,071.00/month and reclassification of the following current positions: Paralegal I from grade (M) to grade (N); Administrative Appeals Coordinator from grade (O) to grade (P); Staff Attorney I from grade (P) to grade (Q); and Staff Attorney II from grade (R) to grade (S). The motion passed unanimously.

*Mr. Lang entered the meeting during this report.*

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Mr. Elliott introduced the agenda item *Actuarial Audit Report*. Kim Nicholl and Matt Strom of Segal Consulting presented the results of the independent actuarial audit of the June 30, 2014 actuarial valuation and the 2008-2013 experience study for the Trustees. This report was provided for informational purposes only.

*Mr. Hardesty entered the meeting during this report; Ms. Nicholl and Mr. Strom exited the meeting following their presentation.*

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Mr. Elliott introduced the agenda item *Audit Committee Report*. Mr. Cherry and Ms. Davis reviewed the actions from the August 27, 2015 Audit Committee meeting. Mr. Cherry moved and was seconded by Mr. Lang to approve the actions of the Audit Committee, which included approval of the actuarial audit, the APA 2013 audit follow-up audit report, the KRS travel and procard audit, the refund payments audit, updates to the KRS travel policy, and an external assessment of KRS IT infrastructure. The motion passed unanimously.

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Mr. Elliott introduced the agenda item *Retiree Health Plan Committee Report*. Ms. Pettyjohn recapped the September 3, 2015 Committee meeting. Mr. Lang moved and was seconded by Mr.

Stevens to approve the actions of the Retiree Health Plan Committee, which included selecting the KEHP LivingWell PPO plan for the non-Medicare plan, selecting Standard CDHP as the default plan, setting the contribution rate for the Medicare eligible premium plan at \$244.25. The motion passed unanimously.

*Mr. Loew, Ms. King, and Ms. Whaley exited the meeting following this discussion.*

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Mr. Elliott introduced the agenda items *Financial Statements as of June 30, 2015 (unaudited)* and *Budget-to-Actual Expense Quarterly Report*. Ms. Roggenkamp reviewed both reports for the Trustees. These reports were provided for informational purpose only.

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Mr. Elliott called for a short break and the meeting was suspended.

*Mr. Green and Ms. Bennett entered the meeting during the break.*

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Following the break, Mr. Elliott reconvened the meeting and introduced the agenda item *Consulting Actuary Response to Actuarial Audit*. Mr. Green and Ms. Bennett of Cavanaugh Macdonald presented their response to the Segal Consulting audit. This report was presented for informational purpose only.

*Mr. Green and Ms. Bennett exited the meeting following the presentation.*

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Mr. Elliott introduced the agenda item *Investment Committee and Investment Portfolio Report*. Mr. Peden recapped the August 25, 2015 Committee meeting. Ms. Peter moved and was seconded by Mr. Summers to accept the actions of the Committee including an initial investment of approximately \$40 million to Tourbillon Global Master Fund and an initial \$20 million each to Glenview Capital Management LLC and QMS Diversified Global Macro. The motion passed unanimously.

*Mr. Slingerland entered the meeting during this discussion.*

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Mr. Elliott introduced the agenda item *CEM Investment Benchmarking Study Report*. Mr. Slingerland of CEM presented the Investment Cost Effectiveness Analysis report. This report was presented for informational purpose only.

*Katherine Rupinen entered the meeting during the discussion.*

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Mr. Elliott introduced the agenda item *Informational Reports*, which were presented for informational purposes only.

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Mr. Elliott introduced the agenda item *Participation of Additional Agencies and Hazardous Positions*. Mr. Lang moved and was seconded by Ms. Peter to accept the report. The motion passed; Mr. Stevens abstained. Mr. Stevens moved and was seconded by Mr. Davis to accept the hazardous duty requests. The motion passed unanimously.

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Mr. Elliott introduced the agenda item *Other Business*. Mr. Thielen updated the Trustees on HB 62 implementation and pension spiking. These reports were provided for informational purpose only.

At this point, a discussion ensued among trustees about the decision made earlier in the year not to continue provide a health insurance contribution for hazardous duty retiree dependents who are age 22 to 26 beginning with the 2016 plan year. No action was taken on this issue.

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Mr. Elliott introduced the agenda item *Pending Litigation*. Ms. Peter moved and was seconded by Mr. Cherry to enter closed session. Mr. Elliott 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 System's litigation strategy and preserving any available attorney-client privilege. The meeting moved into closed session.

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*All attendees excepting KRS Trustees, Executive Staff, and General Counsel exited the meeting.*

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Mr. Elliott called the meeting back into open session with no action having been taken in closed session. There being no further business, the meeting adjourned at 2:17 p.m. to meet on December 4, 2015 or upon the call of the Executive Director or the Chair of the Board of Trustees.

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Copies of all documents presented are incorporated as part of the Minutes of the Board of Trustees as of September 10, 2015.

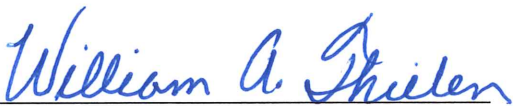
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## CERTIFICATION

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

  
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Recording Secretary

We, the Chair of the Board of Trustees of the Kentucky Retirement Systems and Executive Director of the Kentucky Retirement Systems, do certify that the Minutes of Meeting Number 399, held on September 10, 2015, were approved on December 3, 2015.

  
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Chair of the Board of Trustees  
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Executive Director

I, Brian C. Thomas, have reviewed the Minutes of the September 10, 2015, Board of Trustees Special Called Meeting for content, form, and legality.

  
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General Counsel