

MINUTES OF MEETING #417
BOARD OF TRUSTEES KENTUCKY RETIREMENT SYSTEMS
SPECIAL CALLED MEETING JUNE 7, 2018 AT 10:00A.M.
1270 LOUISVILLE ROAD, FRANKFORT, KENTUCKY 40601

At a Special Called Meeting of the Board of Trustees held on June 7, 2018 the following members were present: David Harris (Chair), Joe Brothers, John Chilton, Raymond Connell, William Cook, Kelly Downard, John Farris, JT Fulkerson, David Gallagher, David Harris, Sherry Kremer, Matthew Monteiro, Keith Percy, Betty Pendergrass, Jerry Powell, Neil Ramsey, David Rich, and Sec. Thomas Stephens. Staff members present were David Eager, Karen Roggenkamp, Mark Blackwell, Erin Surratt, Rich Robben, Connie Davis, Kristen Coffey, Connie Pettyjohn, Katherine Rupinen, Joseph Bowman, Shaun Case, Shawn Sparks, Liza Welch, Jared Crawford, Kimberly Smith, Ann Case, Joe Gilbert and Alane Foley. Also present were Larry Totten, Teresa Sanders, Chris Biddle, Michele Hill, Rebecca Heckler, Bo Cracraft, Fred Nett, Rose Nett, Shellie Hampton, Janie Shaw (GRS), Danny White (GRS), Ned McGuire (Wilshire) and Tracey Garrison (Humana).

Mr. Harris called the meeting to order.

Ms. Alane Foley called roll.

Mr. Harris introduced agenda item *Approval of Minutes- April 19, 2018*. Mr. Rich moved and was seconded by Mr. Powell to approve the minutes. The motion passed unanimously.

Mr. Harris introduced the agenda item *Investment Committee and Portfolio Update*. Mr. Robben provided an investment activity update to the Board. Mr. Ned McGuire from Wilshire Associates provided a presentation on asset allocation recommendations. Mr. Ramsey moved and was seconded by Mr. Fulkerson to approve the new Asset/Liability Model as presented to the board by Wilshire, including revised asset allocation recommendations for the 10 pension and insurance plans administered by Kentucky Retirement Systems. The motion passed unanimously.

Mr. Robben and Mr. Dave Lindburg (via teleconference) provided an update to the Board regarding investment performance. Mr. Ramsey moved and was seconded by Mr. Farris to approve the Investment Committee report as presented. The motion passed unanimously.

Mr. Harris introduced agenda item *Actuarial Update*. Ms. Roggenkamp introduced Mr. Danny White and Ms. Janie Shaw from GRS. They provided an update to the Board on their timeline for June 30, 2018 Actuarial Valuations and 2019 Actuarial Experience Study. This was for informational purposes only.

Mr. Harris addressed the Board and provided an overview of the Actuarial Subcommittee.

Mr. Harris introduced agenda item *Audit Committee Report*. Mr. Chilton reviewed *GASB 68 and 75 Audit Report* from Dean Dorton Allen Ford, PLLC. Ms. Pendergrass moved and was seconded by Mr. Rich to accept this report. The motion passed unanimously.

Ms. Karen Roggenkamp provided information on *Hazardous Duty Position Requests*. Ms. Pendergrass moved and was seconded by Mr. Downard to approve the position requests with the exception of the Department of Insurance positions, these will be reviewed at a later date. The motion passed unanimously.

Ms. Karen Roggenkamp provided an overview of the *Financial Statements, Cash Flow/Net Position Reports and the Expense Report*. These reports were for informational purposes only.

Mr. Harris introduced agenda item *Retiree Health Plan Committee Report*. Ms. Connie Pettyjohn provided an update to the Board from the last Committee meeting. Mr. Rich asked that Mr. Powell be the KRS representative on the Kentucky Group Health Insurance Board. Secretary Stephens moved and was seconded by Mr. Downard to approve this request. The motion passed unanimously.

Mr. Harris introduced agenda item *Fiduciary Liability Insurance*. Mr. David Eager and Ms. Karen Roggenkamp provided an overview of the insurance options to the Board. Mr. Ramsey moved and was seconded by Mr. Powell to continue coverage at the terms provided by Hallmark Specialty and ANV Global Services. This motion passed unanimously.

Mr. Harris introduced agenda item *Committee Assignments Approval*. Mr. Powell moved and was seconded by Mr. Monteiro to approve the committee assignments as presented with the exception of the Chair of the Actuarial Subcommittee, which will be decided at a later date. The motion passed unanimously.

Mr. Harris introduced agenda item *KRS Update*. Mr. Eager provided updates to the Board on the 2018 Legislation Project Implementation and HB 362.

Ms. Liza Welch provided an educational presentation on the Division of Death and Disability. This was for informational purposes only.

Mr. Harris introduced agenda item *Closed Session*. Ms. Pendergrass moved and was seconded by Mr. Powell to go in to closed session. The motion passed unanimously.

Mr. Harris read the following statement and the meeting moved into closed session: 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. All public attendees exited the meeting.

Mr. Harris called the meeting back in to open session.

Mr. Rich made a motion and was seconded by Mr. Downard to approve Mr. David Eager's employment contract with KRS. This is a 2-year contract through July 2020 with an annual salary of \$200,000 and the ability to participate in the Kentucky state benefit package. The motion passed unanimously.

Mr. Peercy moved and was seconded by Mr. Powell to adopt the following resolution:

RESOLVED, that the Board of Directors authorizes the Executive Director, and his delegates, to seek removal of the general partners and their managing partner, from investment funds managed by Bay Hills Capital Management, LLC, and held in trust by Kentucky Retirement Systems, through legal action in civil court, and to obtain all legal and equitable remedies as appropriate. In furtherance thereof, the Executive Director is authorized and directed to pay all legal fees and expenses of litigation, including without limitation, attorney fees and expenses (including multiple law firms as necessary for matters tried in jurisdictions outside Kentucky), the expense of expert witnesses, discovery (including e-discovery), depositions, subpoenas issued in various jurisdictions, and all other reasonable expense of pursuing claims made. The Executive Director is further authorized to reasonably settle all disputes. The board further ratifies, confirms and approves all action taken in reliance hereon.

The motion passed unanimously.


There being no further business, Mr. Powell made a motion and was seconded by Ms. Kremer to adjourn the meeting at 12:09 p.m. to meet again on September 13, 2018 or upon the call of the Executive Director or the Chair of the Board of Trustees.

Copies of all documents presented are incorporated as part of the Minutes of the Board of Trustees as of June 7, 2018

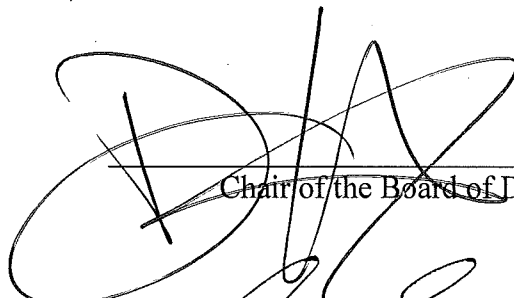
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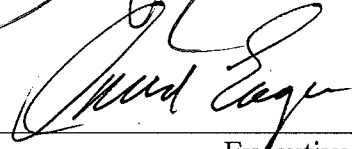
CERTIFICATION

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.

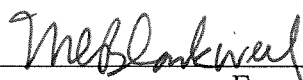

Recording Secretary

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 417, held on June 7, 2018, were approved on September 13, 2018.


Chair of the Board of Directors


Executive Director

I have reviewed the Minutes of the June 7, 2018 Board of Trustees Meeting for content, form, and legality.


Executive Director
Office of Legal Services