

MINUTES OF MEETING #397
BOARD OF TRUSTEES
KENTUCKY RETIREMENT SYSTEMS
MAY 21, 2015, 2015; 9:00 A.M.
1270 LOUISVILLE ROAD, FRANKFORT, KENTUCKY 40601

At the Quarterly Meeting of the Board of Trustees held on May 21, 2015, the following members were present: Thomas Elliott, Mike Cherry, Ed Davis, Joseph Hardesty, JT Fulkerson, Vince Lang, Timothy Longmeyer, Keith Peercy, Mary Helen Peter, David Rich, Randy Stevens, and William Summers. In addition, Staff members present were William Thielen, Karen Roggenkamp, David Peden, Rebecca Stephens, Brian Thomas, Todd Coleman, Connie Davis, Marlane Robinson, Shawn Sparks, Joe Gilbert, Erica Bradley, Ann Case, Shaun Case, Samantha Payne, and Leigh Taylor. Also present were Doug Price, Jim Carroll, Eva Smith Carroll, Marie Brunn, Jana Smith, Betty Pendergrass, Larry Totten, Jean Roedere, Joe Tearling, Deborah Boyd, Robert Boyd, Russ Wright, Janice Wright, Eva Elgin, and Greg Woosley. Tony Johnson, Kristen Steffen, and Ryan Sullian of R.V. Kuhns were also in attendance.

Mr. Elliott introduced the agenda item *Approval of Minutes*. Ms. Peter moved and was seconded by Mr. Stevens to approve the minutes of the April 16, 2015 Annual Meeting. The motion passed unanimously.

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.

Mr. Elliott introduced the agenda item *Audit Committee Report*. Mr. Cherry and Ms. Davis reviewed the actions from the May 7, 2015 Audit Committee meeting. Mr. Cherry moved and was seconded by Mr. Lang to approve the actions of the Audit Committee. The motion passed unanimously.

Ms. Robinson exited the meeting.

Mr. Elliott introduced the agenda item *Discussion of Draft Pension Plans Asset Liability Study Report*. Mr. Thielen introduced Tony Johnson, Ryan Sullivan and Kristen Steffans of R.V. Kuhns, who presented the results of the recently completed Asset Liability Modeling Study. This report was provided for informational purposes only.

Following the presentation, Mr. Johnson, Mr. Sullivan, and Ms. Steffans exited the meeting.

Mr. Elliott introduced the agenda item *Financial Statements as of March 31, 2015*. Mr. Coleman presented the information to the Trustees. This report was provided for informational purposes only.

Mr. Elliott introduced the agenda item *Budget-to-Actual Expense Quarterly Report*. Ms. Roggenkamp presented the administrative budget-to-actual expenditure update to the Trustees. This report was provided for informational purposes only.

Mr. Elliott introduced the agenda item *Investment Committee and Portfolio Report*. Mr. Peden reviewed the actions of the May 5, 2015 Investment Committee meeting. Ms. Peter moved and was seconded by Mr. Summers to approve purchase of Burgis Private I from BNY Mellon for use with KRS Private Equity. The Board, by consensus, agreed that under the circumstances BNY Mellon was a “sole source provider” of Burgis Private I and dispensed with the ordinary procurement process. The motion passed unanimously. Mr. Fulkerson moved and was seconded by Mr. Lang to approve the actions of the Investment Committee. The motion passed unanimously.

Mr. Elliott suspended the meeting for a short break.

Mr. Elliott reconvened the meeting and introduced the agenda item *Discussion/Decision on Administrative and Investment Cost Structure Benchmarking Contract*. Mr. Thielen referred the Board members to the memorandum provided in the meeting packet. He indicated that, as set forth in the memorandum, the CEM Benchmarking, Inc. was uniquely situated to conduct these

studies and that there really was no other competitor. He recommended that the Board approve the engagement of CEM via sole source contracts to perform the benchmarking studies as outlined in the memorandum. Mr. Lang moved and was seconded by Mr. Summers to approve CEM as recommended. The motion passed unanimously.

Mr. Elliott introduced the agenda item *Informational Reports*. Ms. Stephens recapped the reports for the Trustees. The reports were presented for informational purpose only.

Mr. Elliott introduced the agenda item *Participation of Additional Agencies and Hazardous Positions*. Mr. Davis moved to accept the report and was seconded by Mr. Lang. The motion passed by majority.

Mr. Elliott introduced the agenda item *City of Frankfort Hazardous Duty Certification – Fire Marshall Position*. Mr. Thomas provided background for the Trustees from the memo. Mr. Cherry moved and was seconded by Mr. Stevens that the position of Fire Marshall in Frankfort, pursuant to the application for hazardous duty coverage, the positions eligibility for coverage, and the subsequent certification of hazardous duty coverage, both before and after September 1, 2008, requires that the position of Frankfort Fire Marshall be administered as a hazardous duty position. The motion passed unanimously.

Mr. Elliot introduced the agenda item *Amendment to 105 KAR 1:200 – Retirement Procedures and Forms*. Mr. Thomas and Ms. Stephens reviewed the information for the Trustees. Mr. Summers moved and was seconded by Mr. Lang to authorize KRS Staff to file the ordinary amendment to 105 KAR 1:200 and to make any necessary non-substantive changes that might be required to complete the regulatory process. The motion passed unanimously.

Mr. Elliott introduced the agenda item *Board Retreat Discussion and Decision*. Mr. Thielen noted the responses from assorted hotels regarding the Board retreat. Mr. Lang moved and was seconded by Mr. Davis to contract with Embassy Suites, Covington, to hold the Board Retreat on October 21-23, 2015. The motion passed unanimously.

Mr. Elliott introduced the agenda item *Report of the Executive Director Search Committee*. Mr. Hardesty reported on the actions of the May 14, 2015 meeting for the Trustees. Mr. Cherry moved and was seconded by Mr. Lang to approve an RFP for a search firm. The motion passed unanimously.

Mr. Elliott introduced the agenda item *Other Business*. Mr. Thielen invited the Trustees to attend the upcoming PPOB meetings, he noted that KRS Staff would be working on HB62 and pension spiking in the coming months, indicated that staff had exercised the option to renew the external audit contract for the 2015 fiscal year with Dean Dorton and he discussed a letter recently received from Senator Joe Bowen inquiry about KRS' legal expenses and the process for approving them.

Mr. Elliott introduced the agenda item *Pending Litigation*. Mr. Davis moved and was seconded by Mr. Lang to enter closed session. The motion passed unanimously. Mr. Elliott read the following statement and the meeting moved into closed session: A motion having been made in open session to move into a 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 attendees excepting KRS Trustees, Executive Staff, and General Counsel exited the meeting.

Mr. Elliott called the meeting back into open session. Ms. Peter moved and was seconded by Mr. Davis to ratify the April 15, 2015 letter sent to the Boone County Sheriff regarding the re-employment of several former members.

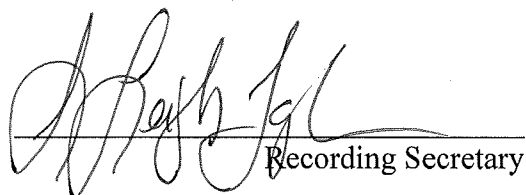
There being no further business, the meeting adjourned at 12:00 p.m. to meet on September 10, 2015 at 9:00 a.m. or upon the call of the Executive Director or the Chair of the Board of Trustees.

Copies of all documents presented are incorporated as part of the Minutes of the Board of Trustees as of May 21, 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.

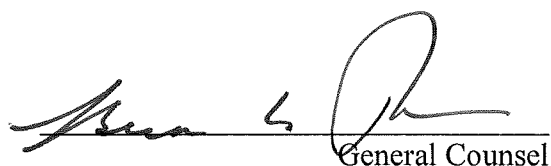

Recording Secretary

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 397 held on May 21, 2015, were approved on September 10, 2015.


Chair of the Board of Trustees


Executive Director

I, Brian C. Thomas, have reviewed the Minutes of the May 21, 2015, Board of Trustees Meeting for content, form, and legality.


General Counsel