

MINUTES OF MEETING #388
BOARD OF TRUSTEES
KENTUCKY RETIREMENT SYSTEMS
FEBRUARY 20, 2014, 9:00 A.M., E.T.
1270 LOUISVILLE ROAD, FRANKFORT, KENTUCKY 40601

At the Quarterly Meeting of the Board of Trustees held on February 20, 2014, the following members were present: Randy Overstreet, Chair; Dan Bauer, Mike Cherry, Ed Davis, Tommy Elliott, JT Fulkerson, Bobby Henson, Timothy Longmeyer, David Rich, Susan Smith, and Richard Tanner. In addition, staff members present were William Thielen, Karen Roggenkamp, Charlene Haydon, David Peden, Brian Thomas, Ann Case, Todd Coleman, Scarlett Consalvi, Erica Bradley, Connie Davis, Marlane Robinson, Shawn Sparks, and Leigh Taylor. Also present were Jana Smith, Larry Totten, Mary Helen Peter, Rebecca Heckler, Jim Carroll, Eva Smith-Carroll, Shirley Clark, Sarah Hurst, Melvin Schafer, and Bryanna Carroll.

Mr. Overstreet introduced the agenda item *Approval of Minutes*. Following discussion, Mr. Elliott moved and was seconded by Ms. Smith to approve the corrected minutes of the December 5, 2013 and February 13, 2014 meetings. The motion passed unanimously.

Mr. Overstreet introduced the agenda item *CERS Elected Position Vacancy*. Ms. Smith moved to appoint Vince Lang as the CERS member and was seconded by Mr. Davis. Following discussion based on the KRS Election Policy Ms. Smith withdrew her motion and Mr. Davis withdrew his second. Secretary Longmeyer moved the CERS position vacancy be tabled until the April 17, 2014 meeting; Mr. Elliott seconded the motion. The motion carried by a 6-5 vote and the issue was tabled.

Mr. Overstreet introduced the agenda item *KERS Election Issue*. Mr. Thomas noted that KRS Policy does not provide guidance in the event of the death of a candidate. Following discussion, Mr. Tanner moved and was seconded by Mr. Rich to adopt a policy not to count the ballots for Mr. Peter Wolff and not release the vote tally results concerning Mr. Wolff. The motion passed unanimously.

Mr. Overstreet introduced the agenda item *Affirmative Action Plan*. Ms. Robinson presented the report to the Board. The report was provided for informational purposes only.

Mr. Overstreet introduced the agenda item *Human Resources Committee Report*. Ms. Smith presented the actions of the Human Resources Committee February 20, 2014 meeting. Ms. Smith noted the potential Health Reimbursement Account problems presented by compliance with the federal Affordable Care Act. The report was provided for informational purposes only.

Mr. Overstreet introduced the agenda item *Audit Committee Report*. Mr. Henson and Ms. Davis recapped the audits discussed during the February 6, 2014 Committee meeting. Mr. Henson moved and was seconded by Ms. Smith to ratify the actions of the Audit Committee. The motion passed unanimously.

Mr. Overstreet introduced the agenda item *Retiree Health Plan Committee Report*. Mr. Thomas updated the Trustees on the status of the waiver request to CMS regarding the KRS EGWP. This report was presented for informational purposes only.

Chris Otts and Mary Beth Braitman, entered the meeting.

Mr. Overstreet introduced the agenda item *Quarterly Financial Statements as of December 31, 2013*. Mr. Coleman provided the unaudited quarterly financial statements to the Trustees. This report was presented for informational purposes only.

Tyson Crist entered the meeting.

Mr. Overstreet introduced the agenda item *Investment Committee Report & Investment Portfolio as of December 31, 2013*. Mr. Peden presented the report to the Trustees. Secretary Longmeyer moved and was seconded by Mr. Cherry to ratify the actions of the Investment Committee. The motion carried unanimously.

Sean Riley, Chris McDaniel and Marc Sciskak entered the meeting.

Mr. Overstreet introduced the agenda item *Participation of Additional Agencies and Hazardous Positions*. Following discussion, Mr. Cherry moved and was seconded by Mr. Rich to delay a decision on Southeast South Central Educational Cooperative until the IRS or Department of Labor issued an opinion on SSCEC's status as a governmental agency. The motion passed unanimously. Mr. Tanner moved and was seconded by Mr. Cherry to approve the report with the exception of the previous action. The motion passed unanimously.

The hazardous positions approved are as follows:

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

- Firefighter – S, Louisville Jefferson County Metro Government, July 1, 2014
- Fire Captain – S, Louisville Jefferson County Metro Government, July 1, 2014
- Fire Battalion Chief – S, Louisville Jefferson County Metro Government, July 1, 2014
- Fire Training Officer – S, Louisville Jefferson County Metro Government, July 1, 2014
- Fire Marshal – S, Louisville Jefferson County Metro Government, July 1, 2014
- Fire Apparatus Operator/Sergeant – S, Louisville Jefferson County Metro Government, July 1, 2014
- Sheriff, Bell County Fiscal Court, March 1, 2014

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

- Firefighter – S, Louisville Jefferson County Metro Government, July 1, 2014
- Fire Captain – S, Louisville Jefferson County Metro Government, July 1, 2014
- Fire Battalion Chief – S, Louisville Jefferson County Metro Government, July 1, 2014
- Fire Training Officer – S, Louisville Jefferson County Metro Government, July 1, 2014
- Fire Apparatus Operator/Sergeant – S, Louisville Jefferson County Metro Government, July 1, 2014
- Sheriff, Bell County Fiscal Court, March 1, 2014
- Fire Apparatus Operator/EMT, City of Bowling Green, September 1, 2013
- Fire Apparatus Operator, City of Bowling Green, September 1, 2013
- Paramedic, Estill County EMS, September 1, 2008
- EMT, Estill County EMS, September 1, 2008

Mr. Overstreet called for a short break and the room emptied.

During the break, Robert Kellerman entered the meeting.

Mr. Overstreet called the meeting back to order and introduced the agenda item *Legislative and Quarterly Budget Update*. Sen. Chris McDaniel was introduced and welcomed by Mr. Overstreet and Mr. Thielen. Sen. McDaniel spoke and answered questions from the Trustees concerning SB142. This report was presented for informational purposes only.

Sen. McDaniel exited the meeting.

Mr. Thielen updated the Trustees regarding the KRS Housekeeping bill and the transparency bill. Ms. Roggenkamp reviewed the quarterly budget to actual numbers for the Trustees. These reports were presented for informational purposes only.

Mr. Overstreet introduced the agenda item *Informational Reports*. Mr. Thielen noted the reports for review. These reports were presented for informational purposes only.

Mr. Overstreet introduced the agenda item *Recognition of Trustees*. Mr. Henson and Ms. Smith were presented with certificates highlighting their respective achievements as KRS Trustees. Both Mr. Henson and Ms. Smith were thanked for their service.

Ms. Consalvi and Mr. Sparks exited the meeting. Katherine Rupinen and Joseph Bowman entered the meeting.

Mr. Overstreet introduced the agenda item *Other Business*. Mr. Overstreet reviewed the KRS Funding Resolution passed in 2013; Mr. Davis moved and was seconded by Ms. Smith to pass the same resolution for 2014. The motion passed unanimously.

Mr. Thielen reviewed the terms of the current fiduciary liability insurance policy. Mr. Elliott moved and was seconded by Mr. Fulkerson to renew the policy offered by Alterra American Insurance Company through the Van Meter Insurance Group, acting as the insurance agent, at a premium of \$64,675.58 for coverage during the period April 25, 2014 to April 25, 2015. The motion passed unanimously.

Mr. Overstreet introduced the agenda item *Pending Litigation*. Ms. Smith moved and was seconded by Sec. Longmeyer to enter closed session. The motion passed unanimously. Mr. Overstreet 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 entered 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 except the Trustees, Mr. Thielen, Ms. Haydon, Ms. Roggenkamp, Mr. Peden, Mr. Thomas, Mr. Kellerman, Ms. Braitman, Mr. Crist, Mr. Riley, Ms. Rupinen, Mr. Bowman, and Ms. Taylor exited the meeting.

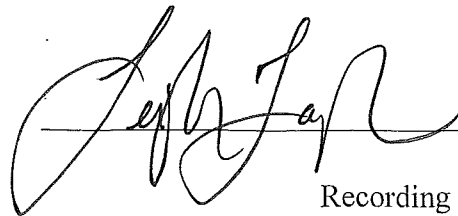
Mr. Overstreet called the meeting into open session. Mr. Elliott moved and was seconded by Dr. Bauer to engage with the Office of the Kentucky Attorney General in regards to securities litigation in respect to the residential mortgage loan securities in the KRS accounts. The motion passed unanimously.

There being no further business, the meeting was adjourned at 2:47 p.m. to meet on April 17, 2014 at 9:00 a.m. or upon the call of the Chair, Executive Director, or at the request of seven members of the Board. Copies of all documents presented are incorporated as part of the minutes of the Board of Trustees as of February 20, 2014.

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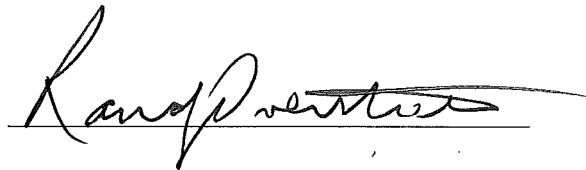
CERTIFICATION

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 Meeting No. 388 held on February 20, 2014, were approved on April 17, 2014.

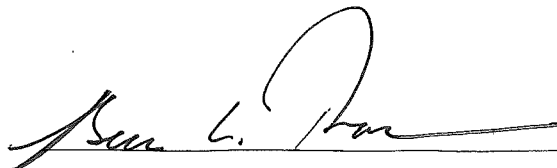


Chair



Executive Director

I, Brian C. Thomas, have reviewed the Minutes of the February 20, 2014 Board of Trustees Meeting for form, content, and legality.



General Counsel