

MINUTES OF MEETING #392
BOARD OF TRUSTEES
KENTUCKY RETIREMENT SYSTEMS
SEPTEMBER 11, 2014; 9:15 A.M., E.T.
1270 LOUISVILLE ROAD, FRANKFORT, KENTUCKY 40601

At the Quarterly Meeting of the Board of Trustees held on September 11, 2014, the following members were present: Tommy Elliott, Chair; Mike Cherry, Ed Davis, JT Fulkerson, Vince Lang, Randy Overstreet, Mary Helen Peter, David Rich, Randy Stevens, and William Summers; Walt Gaffield served as proxy for Tim Longmeyer. In addition, staff members present were William Thielen, Karen Roggenkamp, Rebecca Stephens, David Peden, Brian Thomas, Ann Case, Todd Coleman, Erica Bradley, Connie Davis, Samantha Payne, Marlane Robinson, Connie Pettyjohn, Shawn Sparks, and Leigh Taylor. Also present were Larry Totten, Rebecca Heckler, Jim Carroll, Eva Smith-Carroll, Jenny Anglin, Frank Willey, Brad Gross, Terrance Sullivan, Bobby Henson, Rose and Fred Nett, Representative Brent Younts, Senator Jimmy Higdon, and Carrie Lovell.

Mr. Elliott introduced the agenda item *Approval of Minutes*. Mr. Cherry moved and was seconded by Mr. Lang to accept the minutes of the May 15, 2014 meeting. The motion passed unanimously. Mr. Lang moved and was seconded by Mr. Summers to accept the minutes of the June 11, 2014 meeting. The motion passed unanimously.

Mr. Elliott introduced the agenda item *KRS Personnel Announcements*. Mr. Thielen introduced Rebecca Stephens as Chief Benefits Officer, David Peden as Chief Investments Officer, and David Nix as the Director of Retiree Payroll.

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

Mr. Elliott introduced the agenda item *Human Resources Committee Report*. Ms. Robinson presented the actions of the Human Resources Committee September 11, 2014 meeting. Mr. Fulkerson moved and was seconded by Mr. Summers to approve the continuance of an HRA for 2015 with a monthly contribution of \$36.47 per eligible KRS 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. Fulkerson moved and was seconded by Mr. Overstreet to provide salary adjustments as provided by the 2014 Legislative Session of the Kentucky General Assembly and for those employees who have performance review ratings of 3.80 and higher, provide an additional 1%, 1.5%, or 2% increase based on rating. The motion passed unanimously.

Mr. Elliott introduced the agenda item *Audit Committee Report*. Mr. Cherry updated the Trustees on the actions of the August 7, 2014 Committee meeting. Mr. Cherry moved and was seconded by Ms. Peter to ratify the actions of the Audit Committee meeting. The motion passed unanimously. Mr. Cherry moved and was seconded by Mr. Lang to adopt the KRS Travel Policy as outlined. The motion passed unanimously.

KRS Trustees Dr. Daniel Bauer and Mr. Joseph Hardesty entered the meeting during the above discussion.

Mr. Elliott introduced the agenda item *Nomination of Candidates for 2014 SPRS Election Ballot*. Ms. Davis reviewed the election ballot nomination process for the Trustees. Mr. Overstreet moved and was seconded by Ms. Peter to waive the standard nomination process and place both candidates on the ballot. The motion passed unanimously.

During the above discussion, Mr. Walt Gaffield exited the meeting; Mr. Joe Cowles entered the meeting as proxy for Secretary Longmeyer. Stephanie Heller, Carla Whaley, and David Fox of Humana entered the meeting.

Mr. Elliott introduced the agenda item *Retiree Health Plan Committee Report*. Mr. Cowles provided an update to the Trustees regarding the selection process of the new healthcare providers for state employees. Ms. Pettyjohn reported on the actions of the September 4, 2014 meeting of the Retiree Health Plan Committee. Mr. Overstreet moved and was seconded by Mr. Rich to adopt the Committee recommendations for non-Medicare eligible KRS retirees, including spouses and dependants. The motion passed unanimously.

Ms. Alisa Bennett of Cavanaugh McDonald joined the meeting via teleconference. Ms. Whitney Meagher entered the meeting as a proxy for Secretary Longmeyer.

Ms. Heller, Ms. Whaley, and Mr. Fox presented *Humana 2015 Medicare Advantage Renewal* to the Trustees. Following discussion, Mr. Davis moved and was seconded by Mr. Lang to adopt the Committee recommendations for Medicare eligible KRS retirees, including spouses and dependants. The motion passed unanimously.

Ms. Bennett exited the meeting.

Mr. Elliott introduced the agenda item *Financial Statements as of June 30, 2014 (unaudited)*. Mr. Coleman presented the information to the Trustees. The report was presented for informational purposes only.

Mr. Elliott called for a short break. *During the break, Mr. Cowles, Mr. Henson, Mr. Fox, Ms. Whaley, Ms. Heller, Mr. Sparks, Ms. Pettyjohn, Mr. Coleman, Ms. Robinson, and Ms. Consalvi exited the meeting.*

Mr. Elliott reconvened the meeting and introduced the agenda item *Budget-to-Actual Expense Quarterly Reports*. Ms. Roggenkamp presented the update to the Trustees. This report was presented for informational purposes only.

Mr. Elliott introduced the agenda item *Investment Committee and Investment Portfolio Report*. Mr. Peden reviewed the actions of the August 5, 2014 Investment Committee. Ms. Peter moved and was seconded by Mr. Summers to ratify the actions of the Investment Committee. The motion passed unanimously.

Mr. Elliott introduced the agenda item *Legislative Update*. Mr. Thielen provided an update on KRS related legislation and preparation for the upcoming legislative session. This report was provided for informational purposes only.

Mr. Elliott introduced the agenda item *Informational Reports*. Ms. Stephens noted the reports for review. These reports were presented for informational purposes only.

Mr. Elliott introduced the agenda item *Participation of Additional Agencies and Hazardous Positions*. Following discussion, Mr. Lang moved and was seconded by Mr. Cherry to approve the positions for hazardous duty coverage. The motion passed unanimously.

The hazardous positions approved are as follows:

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

Police Patrol Officer, City of Erlanger, October 1, 2014
Fire/EMS Captain-Fire Marshall, City of Erlanger, October 1, 2014
Fire/EMS Lieutenant, City of Erlanger, October 1, 2014
Fire/EMS Captain Training Coordinator, City of Erlanger, October 1, 2014
Fire/EMS Asst. Chief, City of Erlanger, October 1, 2014
Fire/EMS Captain-Operations, City of Erlanger, October 1, 2014
Firefighter, City of Erlanger, October 1, 2014
Code Enforcement Officer/Police Officer, City of Murray, December 1, 2014
School Resource Officer/Police Officer, City of Murray, December 1, 2014
Police Officer I, City of Shelbyville, July 1, 1987
Police Officer II, City of Shelbyville, July 1, 1987
Firefighter, City of Shelbyville, July 1, 1987
Director of Personnel & Training, Pleasure Ridge Park Fire Protection District, October 1, 2014
Director of Operations & Safety, Pleasure Ridge Park Fire Protection District, October 1, 2014
District Chief, Pleasure Ridge Park Fire Protection District, October 1, 2014
Fire Captain, Pleasure Ridge Park Fire Protection District, October 1, 2014
Training Officer-Captain, Pleasure Ridge Park Fire Protection District, October 1, 2014
Training Technician-Sergeant, Pleasure Ridge Park Fire Protection District, October 1, 2014
Firefighter/EMS, Pleasure Ridge Park Fire Protection District, October 1, 2014

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

Director of Personnel & Training, Pleasure Ridge Park Fire Protection District, October 1, 2014
Director of Operations & Safety, Pleasure Ridge Park Fire Protection District, October 1, 2014
District Chief, Pleasure Ridge Park Fire Protection District, October 1, 2014
Fire Captain, Pleasure Ridge Park Fire Protection District, October 1, 2014
Training Officer-Captain, Pleasure Ridge Park Fire Protection District, October 1, 2014
Training Technician-Sergeant, Pleasure Ridge Park Fire Protection District, October 1, 2014
Police Sergeant, City of Bowling Green, October 1, 2014
Police Chief, City of Bowling Green, October 1, 2014
Asst. Police Chief, City of Bowling Green, October 1, 2014
Deputy Police Chief, City of Bowling Green, October 1, 2014
Police Captain, City of Bowling Green, October 1, 2014
Police Officer, City of Clay City, March 1, 2014
Police Chief, City of Ludlow, November 1, 2013
Code Enforcement Officer/Police Officer, City of Murray, December 1, 2014
School Resource Officer/Police Officer, City of Murray, December 1, 2014
Police Officer, City of Shelbyville, October 1, 20 City of Murray, December 1, 2014

Assistant to the Chief/Major, Murray State University (KERS agency), October 1, 2014

Mr. Elliott introduced the agenda item *Proposed Procurement Policy Change*. Following review, Mr. Lang moved and was seconded by Ms. Peter to approve the proposed Procurement Policy amendment allowing KRS to make purchases through U.S. Communities. The motion passed unanimously.

Mr. Wiley and Ms. Anglin exited the meeting. Joseph Bowman, Katherine Rupinen Bob Kellerman, Dan Swetnam and Tyson Crist entered the meeting.

Mr. Elliott introduced the agenda item *Other Business*. Mr. Thielen reported the results from the Communications Department RFP for auditor has been withdrawn due to the high costs involved. Mr. Thomas reviewed the proposed administrative regulations for the Trustees. Mr. Overstreet moved and was seconded by Mr. Hardesty to authorize Staff to move forward with the administrative regulations. The motion passed unanimously. Mr. Elliott moved and was seconded by Mr. Cherry that the Board approved fees for Investment Managers be posted on the KRS website. The motion passed unanimously.

Mr. Elliott introduced the agenda item *Pending Litigation*. Mr. Overstreet moved and was seconded by Mr. Davis 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.

Mr. Cherry exited the meeting during closed session.

Mr. Elliott called the meeting back into open session with no action taken.

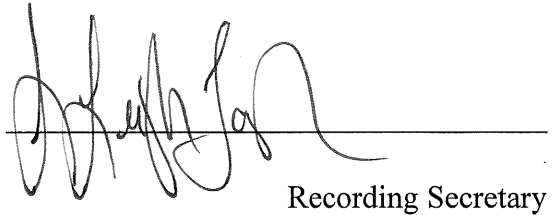
There being no further business, the meeting was adjourned at 1:05 p.m. to meet on December 4, 2014 at 9:00 a.m. or upon the call of the Executive Director or the Chair of the Board of Trustees.

Copies of all documents presented are incorporated as part of the minutes of the Board of Trustees as of September 11, 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.

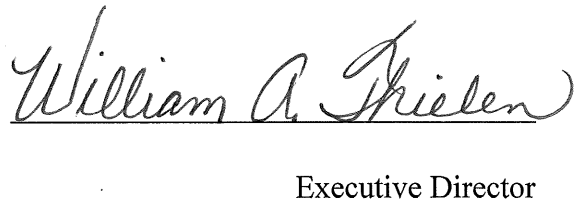


Recording Secretary

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. 392 held on September 11, 2014, were approved on December 4, 2014.

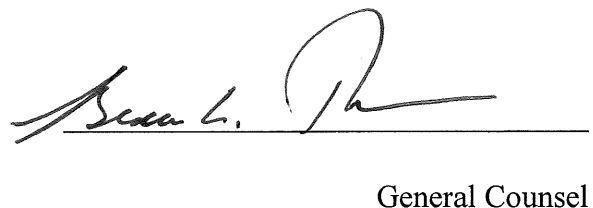


Chair



Executive Director

I, Brian C. Thomas, have reviewed the Minutes of the September 11, 2014 Board of Trustees Meeting for form, content, and legality.



General Counsel