

KENTUCKY TEACHERS' RETIREMENT SYSTEM  
REGULAR QUARTERLY MEETING OF THE BOARD OF TRUSTEES  
DECEMBER 15, 2014

Minutes of Meeting:

After giving proper notice of a regular quarterly meeting, and a quorum being present, Chair Tom Shelton called the KTRS Board of Trustees to order at 10 a.m., Monday, December 15, 2014 in the Board Room of the Kentucky Teachers' Retirement System Office, 479 Versailles Road, Frankfort, Kentucky.

Members present were:

Tom Shelton, Chair  
Laura Zimmerman, Vice Chair  
Arthur Green  
Hollis Gritton  
Jay Morgan  
Ron Sanders  
Ruth Ann Sweazy  
Todd Hollenbach, State Treasurer (arrived at 10:10 a.m.)  
Charles Harman, Proxy for the Commissioner of Education

Others present were:

Gary L. Harbin, Kentucky Teachers' Retirement System  
Eric Wampler, Kentucky Teachers' Retirement System  
Robert Barnes, Kentucky Teachers' Retirement System  
Paul Yancey, Kentucky Teachers' Retirement System  
Kevin Carrico, Kentucky Teachers' Retirement System  
Tom Siderewicz, Kentucky Teachers' Retirement System  
Mark Whelan, Kentucky Teachers' Retirement System  
Jane Gilbert, Kentucky Teachers' Retirement System  
Nate Van Sickel, Kentucky Teachers' Retirement System  
Felicia Penn, Kentucky Teachers' Retirement System  
Kayne Ishmael, Kentucky Education Association  
Mary Ruble, Kentucky Education Association  
Joyce Dotson, Kentucky Education Association-Retired  
Patsy Rainey, Kentucky Retired Teachers Association  
Teresa Sanders, Office of the State Budget Director  
Kelly Dudley, Legislative Research Commission  
Greg Woosley, Legislative Research Commission  
Terrance Sullivan, Legislative Research Commission  
Ryan Barrow, Office of Financial Management  
Steven Starkweather, Office of Financial Management  
Ed Koebel, Cavanaugh Macdonald Consulting, LLC  
Eric Gary, Cavanaugh Macdonald Consulting, LLC  
Tim Mulloy, Peritus Public Relations

1. Reports for Consent: Chair Shelton reviewed the draft minutes of the September 15, 2014 meeting and asked the Board to take action on the minutes.

Board Action: The Board considered the minutes of the Quarterly Meeting of the Board of Trustees held September 15, 2014. Upon motion duly made by Mr. Green, and seconded by Dr. Morgan, the minutes were unanimously approved by the Board as written.

Chair Shelton reviewed the draft minutes of the November 24, 2014 Special Meeting and asked the Board to take action on the minutes.

Board Action: The Board considered the minutes of the Special Meeting of the Board of Trustees held November 24, 2014. Upon motion duly made by Mr. Sanders, and seconded by Mr. Gritton, the minutes were unanimously approved by the Board as written.

Chair Shelton reviewed the draft minutes of the September 10, 2014 Special Meeting of the Insurance Committee and asked the Committee to take action on the minutes.

Committee Action: The Committee considered the minutes of the Special Meeting of the Insurance Committee held September 10, 2014. Upon motion duly made by Ms. Sweazy, and seconded by Mr. Gritton, the minutes were unanimously approved by the Committee as written.

Chair Shelton reviewed the draft minutes of the September 15, 2014 Special Meeting of the Benefits and Funding Committee and asked the Committee to take action on the minutes.

Committee Action: The Committee considered the minutes of the Special Meeting of the Benefits and Funding Committee held on September 15, 2014. Upon motion duly made by Mr. Green, and seconded by Mr. Sanders, the minutes were unanimously approved by the Committee as written.

Applications for Retirement and Annuity, Survivor Benefits, Life Insurance Benefits and Refunds: Mr. Wampler reported to the Board regarding benefit payments. Chair Shelton asked the Board to take action on the report of benefit payments.

Board Action: Upon motion duly made by Mr. Harman, and seconded by Mr. Sanders, the Applications for Retirement and Annuity, Survivor Benefits, Life Insurance Benefits and Refunds were unanimously approved by the Board as reported.

Interim Financial Statements: The Board considered the report on the Interim Financial Statements for the quarter ended September 30, 2014. The report was informational and the Board took no action on the Interim Financial Statements.

2. Report of the Investment Committee: Mr. Yancey reported to the Board concerning investment performance for the quarter ended September 30, 2014 and the Special Meeting of the Investment Committee held on November 13, 2014.

Chair Shelton asked for questions or comments. Chair Shelton asked the Board to take action on

the report of the Investment Committee.

Board Action: Upon motion duly made by Mr. Green, and seconded by Mr. Hollenbach, the Board voted unanimously to accept and ratify the Report of the Investment Committee.

3. Actuarial Valuation Reports: Ed Koebel of Cavanaugh Macdonald Consulting, LLC presented the Report of the Actuary on the Annual Pension Valuation prepared as of June 30, 2014. Mr. Koebel reported to the Committee on the GASB 67 Statement. Eric Gary of Cavanaugh Macdonald Consulting, LLC presented the Report of the Actuary on the Annual Valuation of the Retiree Medical and Life Insurance Plans prepared as of June 30, 2014.

Chair Shelton asked for questions or comments. Chair Shelton asked the Board to take action on the Actuary's reports.

Board Action: Upon motion duly made by Mr. Hollenbach, and seconded by Mr. Sanders, the Board voted unanimously to approve the Reports of the Actuary on the Annual Valuations.

4. Report on Funding Policy: Mr. Wampler reported to the Board concerning the Board's funding policy. Mr. Harbin provided a report on twenty-year projections contrasting results of funding or continued underfunding of the system. The reports were for the information of the Board and no action was taken.

5. Report of the Scholarship Committee: Mr. Harbin reported that the Scholarship Committee met in special session prior to the regular quarterly meeting of the Board on December 15, 2014. The Committee received a report on the background of the Junita Losey Scholarship Program and the investment strategy and cash flow of the scholarship fund. The Committee voted unanimously to recommend to the full Board that a \$2,000 yearly scholarship be granted to each of the eight public universities in Kentucky and a \$2,000 yearly scholarship to a Campbell County High School senior who intends to major in education at a Kentucky public university.

Chair Shelton asked for questions or comments. Chair Shelton asked the Board to take action on the Report of the Scholarship Committee.

Board Action: Upon motion duly made by Ms. Sweazy, and seconded by Ms. Zimmerman, the Board voted unanimously to accept and ratify the Report of the Scholarship Committee.

6. Report of the Legislative Committee: Mr. Barnes reported that the Legislative Committee met in special session prior to the regular quarterly meeting of the Board on December 15, 2014. The Committee reviewed and approved legislative proposals for the 2015 session of the General Assembly. Mr. Barnes reported the proposed legislative and regulatory changes reviewed by the Committee with the entire Board.

Chair Shelton asked for questions or comments. Chair Shelton asked the Board to take action on the Report of the Legislative Committee.

Board Action: Upon motion duly made by Dr. Shelton, and seconded by Mr. Green, the Board

voted unanimously to accept and ratify the Report of the Legislative Committee.

7. Report of the Governance and Audit Committee: Mr. Sanders reported that the Governance and Audit Committee met in special session prior to the regular quarterly meeting of the Board on December 15, 2014. The Committee reviewed and accepted the report of the Kentucky Auditor of Public Accounts on the audit of KTRS's financial statements for the year ended June 30, 2014. The Committee also received a report on the status of the Internal Audit Strategy for Fiscal Year 2015.

Chair Shelton asked for questions or comments. Chair Shelton asked the Board to take action on the Report of the Governance and Audit Committee.

Board Action: Upon motion duly made by Mr. Sanders, and seconded by Mr. Gritton, the Board voted unanimously to accept and ratify the Report of the Governance and Audit Committee held December 15, 2014.

8. Executive Secretary's Observations and Comments: Mr. Harbin reported to the Board on the meeting of the Interim Joint Committee on State Government, the Pathway Project, the 2014 Award for Administration from the Public Pension Coordinating Council, the Certificate of Achievement for Excellence in Financial Reporting, meeting dates for 2015, and meetings attended by the Executive Secretary since the last quarterly Board meeting.

The Executive Secretary's report was informational and the Board took no action.

#### Adjournment

There being no further business to come before the Board of Trustees, and by unanimous consent of the Board, Chair Shelton declared the meeting adjourned at 11:56 a.m.

#### Certifications

We, the Chair and the Executive Secretary of the Board of Trustees of the Kentucky Teachers' Retirement System, do certify that the Minutes of Meeting were approved by the Board on March 16, 2015.

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Laura Zimmerman, Chair

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Gary Harbin, Executive Secretary

I, Robert B. Barnes, do certify adherence to the Kentucky Open Meetings Act, KRS 61.800 et seq., in the conduct of this meeting. I have reviewed the minutes for form, content, and legality.

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Robert B. Barnes, Deputy Executive Secretary and  
General Counsel

I, Felicia Penn, do certify that I was present at the meeting and duly recorded the actions of the Board of Trustees of the Kentucky Teachers' Retirement System at its meeting on December 15, 2014.

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Felicia Penn  
Recording Secretary