

KENTUCKY TEACHERS' RETIREMENT SYSTEM
REGULAR QUARTERLY MEETING OF THE BOARD OF TRUSTEES
DECEMBER 21, 2015

Minutes of Meeting:

After giving proper notice of a regular quarterly meeting, and a quorum being present, Chair Arthur Green called the KTRS Board of Trustees to order at 9:50 a.m., Monday, December 21, 2015 in the Board Room of the Kentucky Teachers' Retirement System Office, 479 Versailles Road, Frankfort, Kentucky.

Members present were:

Arthur Green, Chair
Jay Morgan, Vice Chair
Mary Adams
Hollis Gritton
Ron Sanders
Quin Sutton
Alison Wright
Todd Hollenbach, State Treasurer
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
Tom Siderewicz, Kentucky Teachers' Retirement System
John Browning, Kentucky Teachers' Retirement System
Mark Whelan, Kentucky Teachers' Retirement System
Jane Gilbert, Kentucky Teachers' Retirement System
Glenn Tucker, Kentucky Teachers' Retirement System
Greg Hall, Kentucky Teachers' Retirement System
Nate Van Sickle, Kentucky Teachers' Retirement System
Felicia Penn, Kentucky Teachers' Retirement System
Teresa Sanders, Office of the State Budget Director
Brad Gross, Legislative Research Commission
Terrence Sullivan, Legislative Research Commission
Steven Starkweather, Office of Financial Management

1. Reports for Consent: Chair Green reviewed the draft minutes of the September 21, 2015 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 21, 2015. Upon motion duly made by Dr. Morgan, and seconded by Treasurer Hollenbach, the minutes were unanimously approved by the Board as written.

Chair Green reviewed the draft minutes of the November 23, 2015 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 23, 2015. Upon motion duly made by Ms. Adams, and seconded by Mr. Sanders, the minutes were unanimously approved by the Board as written.

Chair Green reviewed the draft minutes of the December 9, 2015 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 December 9, 2015. Upon motion duly made by Mr. Gritton, and seconded by Ms. Wright, the minutes were unanimously approved by the Board as written.

Chair Green reviewed the draft minutes of the September 21, 2015 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 21, 2015. The minutes were unanimously approved by the Committee as written.

Chair Green reviewed the draft minutes of the September 21, 2015 Special Meeting of the Nominating Committee and asked the Committee to take action on the minutes.

Committee Action: The Committee considered the minutes of the Special Meeting of the Nominating Committee held on September 21, 2015. The minutes were unanimously approved by the Committee as written.

Chair Green reviewed the draft minutes of the November 2, 2015 Special Meeting of the Governance and Audit Committee and asked the Committee to take action on the minutes.

Committee Action: The Committee considered the minutes of the Special Meeting of the Governance and Audit Committee held on November 2, 2015. The minutes were unanimously approved by the Committee as written.

Chair Green reviewed the draft minutes of the November 23, 2015 Special Meeting of the Personnel Committee and asked the Committee to take action on the minutes.

Committee Action: The Committee considered the minutes of the Special Meeting of the Personnel Committee held on November 23, 2015. Upon motion duly made by Dr. Morgan, 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 Green asked the Board to take action on the report of benefit payments.

Board Action: Upon motion duly made by Mr. Gritton, and seconded by Dr. Morgan, 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, 2015. The report was informational and the Board took no action on the Interim Financial Statements.

2. Report of the Investment Committee: Mr. Siderewicz reported to the Board concerning investment performance for the quarter ended September 30, 2015 and the Special Meeting of the Investment Committee held on November 12, 2015.

Chair Green asked for questions or comments. Chair Green asked the Board to take action on the report of the Investment Committee.

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

3. Report of the Scholarship Committee: Ms. Adams reported that the Scholarship Committee met in special session prior to the regular quarterly meeting of the Board on December 21, 2015. 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 Green asked for questions or comments. Chair Green asked the Board to take action on the Report of the Scholarship Committee.

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

4. 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 21, 2015. The Committee reviewed and approved legislative proposals for the 2016 session of the General Assembly. Mr. Barnes reported the proposed legislative and regulatory changes reviewed by the Committee with the entire Board.

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

Board Action: Upon motion duly made by Mr. Sutton, and seconded by Ms. Adams, the Board unanimously voted to approve the 2015 Housekeeping Bill for re-submission; approve new proposals for the Housekeeping Bill; approve administrative regulation proposals; approve staff to work with stakeholders, including members of the General Assembly, on wording changes to proposals that still preserve intent of the proposals; and approve staff to work with stakeholders, including members of the General Assembly, on other legislation and issues impacting KTRS,

including informing all parties of the consequences of legislation that may have unintended harmful effects on KTRS and its members.

5. Executive Secretary's Observations and Comments: Mr. Harbin reported to the Board on a proposed contract with AON Hewitt to conduct a pharmacy electronic claims audit of all claims for EGWP plan for Express Scripts for the term December 2015 through June 2016 at a cost of \$70,000.

Board Action: Upon motion duly made by Treasurer Hollenbach, and seconded by Mr. Sanders, the Board voted unanimously to approve a contract with AON Hewitt to conduct a pharmacy electronic claims audit of all claims for EGWP plan for Express Scripts at a cost of \$70,000.

Mr. Harbin reported to the Board on the Pathway Project; the 2015 Award for Administration from the Public Pension Coordinating Council; the Certificate of Achievement for Excellence in Financial Reporting; Board of Trustees meeting dates for 2016; 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.

Resolution Honoring Treasurer Hollenbach: Chair Green recognized Treasurer Hollenbach for his service on the Board as an ex-officio member from January 1, 2008 through December 31, 2015. Chair Green read a resolution to the Board.

Board Action: Upon motion duly made by Dr. Morgan, and seconded by Mr. Sanders, the Board voted unanimously to approve the Resolution honoring Treasurer Hollenbach. The Chair directed that a copy of the Resolution, which was read during the meeting, be included with the minutes of meeting.

Adjournment: There being no further business to come before the Board of Trustees, and upon motion duly made by Treasurer Hollenbach, and seconded by Dr. Morgan, and by unanimous consent of the Board, Chair Green declared the meeting adjourned at 10:55 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 21, 2016.

Arthur Green, Chair

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.

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 21, 2015.

Felicia Penn
Recording Secretary