

TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY
REGULAR QUARTERLY MEETING OF THE BOARD OF TRUSTEES
SEPTEMBER 19, 2016

Minutes of Meeting:

After giving proper notice of a regular quarterly meeting, and a quorum being present, Chair Arthur Green called the Teachers' Retirement System of the State of Kentucky Board of Trustees to order at 12:30 p.m., Monday, September 19, 2016, in the Boardroom of the Teachers' Retirement System, 479 Versailles Road, Frankfort, Kentucky.

Members present:

Arthur Green, Chair
Jay Morgan, Vice Chair
Mary Adams
Hollis Gritton
Ron Sanders
Josh Underwood
Alison Wright
Allison Ball, State Treasurer
Charles Harman, proxy for the Commissioner of Education

Others present:

Gary L. Harbin, Teachers' Retirement System of Kentucky
Robert Barnes, Teachers' Retirement System of Kentucky
Eric Wampler, Teachers' Retirement System of Kentucky
Tom Siderewicz, Teachers' Retirement System of Kentucky
Karen Ashby, Teachers' Retirement System of Kentucky
Mark Whelan, Teachers' Retirement System of Kentucky
Greg Hall, Teachers' Retirement System of Kentucky
Nate Van Sickle, Teachers' Retirement System of Kentucky
Jane Gilbert, Teachers' Retirement System of Kentucky
Felicia Penn, Teachers' Retirement System of Kentucky
Ed Koebel, Cavanaugh Macdonald Consulting
Eric Gary, Cavanaugh Macdonald Consulting
Noah Friend, State Treasurer's Office
Teresa Sanders, Office of the State Budget Director
Chuck Truesdell, Legislative Research Commission
Jim Bondurant, Legislative Research Commission
Jennifer Hans, Legislative Research Commission
Steve Starkweather, Office of Financial Management
Jean Roederer, Retired Teacher

1. Reports for Consent: Chair Green reviewed the draft minutes of the June 20, 2016, meeting and asked the board to act on the minutes.

Board Action: The board considered the minutes of the Quarterly Meeting of the Board of Trustees held on June 20, 2016. Upon motion duly made by Mr. Gritton, and seconded by Dr. Morgan, the board unanimously approved the minutes as written.

Chair Green reviewed the draft minutes of the June 20, 2016, special meeting of the Insurance Committee and asked the committee to act on the minutes.

Committee Action: The committee considered the minutes of the special meeting of the Insurance Committee held on June 20, 2016. Upon motion duly made by Mr. Harman, and seconded by Ms. Adams, the committee approved the minutes as written.

Chair Green reviewed the draft minutes of the special meeting of the Governance and Audit Committee held on June 20, 2016, and asked the committee to act on the minutes.

Committee Action: The committee considered the minutes of the special meeting of the Governance and Audit Committee held on June 20, 2016. Upon motion duly made by Dr. Morgan, and seconded by Mr. Underwood, the committee approved the minutes as written.

Chair Green reviewed the draft minutes of the June 20, 2016, special meeting of the Legislative Committee and asked the committee to act on the minutes.

Committee Action: The committee considered the minutes of the special meeting of the Legislative Committee held on June 20, 2016. Upon motion duly made by Mr. Underwood, and seconded by Mr. Sanders, the committee approved the minutes as written.

Chair Green reviewed the draft minutes of the July 27, 2016, special meeting of the Insurance Committee and asked the committee to act on the minutes.

Committee Action: The committee considered the minutes of the special meeting of the Insurance Committee held on July 27, 2016. Upon motion duly made by Ms. Wright, and seconded by Mr. Gritton, the committee approved the minutes 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 act on the report of benefit payments.

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

Interim Financial Statements: The board considered the report on the Interim Financial Statements for the quarter ended June 30, 2016. 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 the activities of the Investment Committee and Investment Performance for the quarter ended June 30, 2016, and the special meeting of the Investment Committee held on August 25, 2016.

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

Board Action: Upon motion duly made by Mr. Sanders, and seconded by Ms. Adams, the board voted unanimously to accept and ratify the report of the Investment Committee.

3. Report of the Insurance Committee: Mr. Harman reported the actions of the Insurance Committee at its meeting held on September 19, 2016.

- 2017 MEHP: The committee voted to approve the rate up to \$260 per month for the 2017 TRS MEHP (combined United Healthcare Medicare Advantage and Express Scripts Medicare Part D) for those retirees fulfilling the necessary service requirements.
- 2017 KEHP: The committee voted to approve a medical insurance benefit supplement up to \$654.12 per month for those retirees fulfilling the necessary service requirements and payment of the KEHP Administrative Fee of \$7.14 per member per month for plan year 2017.
- Aon Consulting: The Committee voted to approve renewing the contract with Aon with a monthly fee of \$19,600 for the period August 1, 2016 through July 31, 2017.

Mr. Harbin reported to the board regarding companies using pharmacogenetics to reduce health care costs and improve patient care. Mr. Harbin reported that the Insurance Committee voted to approve issuing a request for information from interested companies to study further possibly using pharmacogenetics for managing TRS's health care plan.

Chair Green asked for questions or comments. Chair Green asked the board to consider the report of the Insurance Committee.

Board Action: Upon motion duly made by Ms. Adams, and seconded by Mr. Gritton, the board voted unanimously to accept and ratify the Report of the Insurance Committee.

4. Experience Study: Mr. Koebel and Mr. Gary, both of Cavanaugh Macdonald Consulting, reported on the Statement of Results of the Experience Investigation Prepared as of June 30, 2015.

Board Action: Upon motion duly made by Mr. Sanders, and seconded by Dr. Morgan, the board voted unanimously to accept the report and adopt the tables recommended by the actuary.

5. Executive Secretary's Observations and Comments: Mr. Harbin reported to the board on the Trustee Education Program; the 2016 Trustee Workshop; the TRS communications consultant; the Pathway project; GASB Statement Nos. 67 and 68; revisions to the Board Governance Manual; and the executive secretary's meetings and presentations.

Board Action: Upon motion duly made by Ms. Wright, and seconded by Mr. Underwood, the board voted unanimously to authorize staff to negotiate the renewal of the contract with the communications consultant on an hourly or retainer fee basis as recommended.

Adjournment: There being no further business to come before the board; and upon motion duly made by Dr. Morgan and seconded by Mr. Harman; and by unanimous consent of the board, Chair Green declared the meeting adjourned at 2:09 p.m.

CERTIFICATIONS

We, the chair and the executive secretary of the Board of Trustees of the Teachers' Retirement System of the State of Kentucky, do certify that the Minutes of Meeting were approved by the board on December 19, 2016.

Arthur Green, Chair

Gary L. 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 Teachers' Retirement System of the State of Kentucky at its meeting on September 19, 2016.

Felicia Penn
Recording Secretary