

TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY
REGULAR QUARTERLY MEETING OF THE BOARD OF TRUSTEES
DECEMBER 18, 2017

Minutes of Meeting:

After giving proper notice of a regular quarterly meeting, and a quorum being present, Chair Ron Sanders called the Teachers' Retirement System of the State of Kentucky Board of Trustees to order at 10 a.m., Monday, December 18, 2017, in the boardroom of the Teachers' Retirement System, 479 Versailles Road, Frankfort, Kentucky.

Members present:

Ron Sanders, Chair
Alison Wright, Vice Chair
Mary Adams
John Boardman
Hollis Gritton
Brenda McGown
Laura Schneider
Josh Underwood
Allison Ball, State Treasurer
Charles Harman, proxy for the Commissioner of Education

Others present:

Gary L. Harbin, Teachers' Retirement System
Robert Barnes, Teachers' Retirement System
Eric Wampler, Teachers' Retirement System
Tom Siderewicz, Teachers' Retirement System
Karen Ashby, Teachers' Retirement System
Mark Whelan, Teachers' Retirement System
Greg Hall, Teachers' Retirement System
Nate Van Sickle, Teachers' Retirement System
Jane Gilbert, Teachers' Retirement System
Debi Newman, Teachers' Retirement System
Glenn Tucker, Teachers' Retirement System
Felicia Penn, Teachers' Retirement System
Teresa Sanders, Office of the State Budget Director

1. Reports for Consent: Mr. Wampler reviewed the draft minutes of the September 18, 2017, meeting. Chair Sanders 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 September 18, 2017. Upon motion duly made by Ms. Adams and seconded by Mr. Gritton, the board unanimously approved the minutes as written.

Mr. Wampler reviewed the draft minutes of the November 20, 2017, special meeting of the Board of Trustees. Chair Sanders asked the board to act on the minutes.

Board Action: The board considered the minutes of the special meeting of the Board of Trustees held on November 20, 2017. Upon motion duly made by Ms. Schneider and seconded by Mr. Underwood, the board approved the minutes as written.

Mr. Wampler reviewed the draft minutes of the special meeting of the Insurance Committee held on September 18, 2017. Chair Sanders asked the board to act on the minutes.

Committee Action: The committee considered the minutes of the special meeting of the Insurance Committee held on September 18, 2017. Upon motion duly made by Ms. McGown and seconded by Ms. Schneider, the committee approved the minutes as written.

Mr. Wampler reviewed the draft minutes of the special meeting of the Governance and Audit Committee held on November 14, 2017. Chair Sanders asked the board to act on the minutes.

Committee Action: The committee considered the minutes of the special meeting of the Governance and Audit Committee held on November 14, 2017. Upon motion duly made by Mr. Gritton and seconded by Mr. Sanders, the committee approved the minutes as written.

Mr. Wampler reviewed the draft minutes of the special meeting of the Personnel Committee held on November 20, 2017. Chair Sanders asked the board to act on the minutes.

Committee Action: The committee considered the minutes of the special meeting of the Personnel Committee held on November 20, 2017. Upon motion duly made by Ms. McGown and seconded by Ms. Adams, the committee approved the minutes as written.

Mr. Wampler reviewed the draft minutes of the special meeting of the Legislative Committee held on December 4, 2017. Chair Sanders asked the board to act on the minutes.

Committee Action: The committee considered the minutes of the special meeting of the Legislative Committee held on December 4, 2017. Upon motion duly made by Mr. Underwood 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 Sanders asked the board to act on the report of benefit payments.

Board Action: Upon motion duly made by Mr. Boardman and seconded by Ms. Schneider, 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 September 30, 2017. 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 September 30, 2017, and the special meeting of the Investment Committee held on November 9, 2017.

Chair Sanders asked for questions or comments. Chair Sanders asked the board to act on the report of the Investment Committee.

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

3. Report of the Governance and Audit Committee: Mr. Harbin reported that the Governance and Audit Committee met in special session on November 14, 2017. The committee accepted the pension and OPEB valuations as of June 30, 2017, as presented by Cavanaugh Macdonald Consulting (CavMac). Additionally, the committee reviewed the reports on GASB Statement Nos. 67 and 74 prepared as of June 30, 2017, by CavMac. The committee accepted the report on the audit of the financial statements for the fiscal year ended June 30, 2017, as presented by Mountjoy Chilton Medley (MCM). MCM also reported on internal controls and compliance at TRS, and reviewed the auditor's communication. The committee also approved amendments to Appendix 17 of the Board Governance Manual.

Chair Sanders asked for questions or comments. Chair Sanders asked the board to act on the report of the Governance and Audit Committee.

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

4. Report of the Personnel Committee: Ms. Adams reported that the Personnel Committee met in special session on November 20, 2017, to review the performance of the executive secretary. The Personnel Committee recommended that the full board amend the contract with the executive secretary replacing the current four-year term with a four-year term from January 1, 2018, through December 31, 2021. Additionally, the executive secretary should receive the same salary increases as applies to state employees.

Chair Sanders asked for questions or comments. Chair Sanders asked the board to act on the report of the Personnel Committee.

Board Action: Upon motion duly made by Mr. Gritton and seconded by Mr. Harman, the board unanimously voted to accept and ratify the report of the Personnel Committee.

5. Report of the Legislative Committee: Mr. Barnes reported that the Legislative Committee met in special session on December 4, 2017. Staff reported to the committee on proposed housekeeping legislation for the 2018 regular session and other legislative matters (including changes to the retirement plan developed and proposed by the education community). The Legislative Committee recommended that the board approve the housekeeping legislation for the

2018 session of the General Assembly and authorize staff to work with stakeholders, including members of the General Assembly, on other legislation and issues impacting TRS, including informing all parties of the consequences of legislation that may have harmful effects on TRS and its members.

Chair Sanders asked for questions or comments. Chair Sanders asked the board to act on the report of the Legislative Committee.

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

6. Report of the Scholarship Committee: Mr. Underwood reported that the Scholarship Committee met in special session prior to the regular quarterly meeting of the Board of Trustees on December 18, 2017. 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 Sanders asked for questions or comments. Chair Sanders asked the board to act on the report of the Scholarship Committee.

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

7. Executive Secretary's Observations and Comments: Mr. Harbin reported to the board on the 2017 Award for Administration from the Public Pension Coordinating Council; the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada; service provider contracts; meetings attended by the executive secretary; 2018 Board of Trustees meeting dates; and a recap of 2017. Mr. Harbin's report was informational, and the board took no action.

Ms. Gilbert presented a report on the pharmacogenomics project with Coriell Life Sciences. Ms. Gilbert's report was informational, and the board took no action.

Resolutions Honoring Debi Newman and Glenn Tucker: Mr. Harbin announced to the board that Debi Newman, director of member benefits, and Glenn Tucker, chief information officer, will retire on January 1, 2018. Mr. Harbin recognized Ms. Newman and Mr. Tucker for their service and presented resolutions to each.

Board Action: Upon motion duly made by Treasurer Ball and seconded by Ms. McGown, the board unanimously voted to approve the resolutions honoring Ms. Newman and Mr. Tucker. The chair directed that a copy of the resolutions be included with the minutes of meeting.

Adjournment: There being no further business to come before the board and by unanimous consent of the board, Chair Sanders declared the meeting adjourned at 11:06 a.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 March 19, 2018.

Ron Sanders, 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 December 18, 2017.

Felicia Penn
Recording Secretary