

TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY
REGULAR QUARTERLY MEETING OF THE BOARD OF TRUSTEES
SEPTEMBER 17, 2018

Minutes of Meeting:

After giving proper notice of a regular quarterly meeting, and a quorum being present, Chair Ron Sanders called the TRS Board of Trustees to order at 12:30 p.m., Monday, September 17, 2018, in the boardroom of the Teachers' Retirement System of the State of Kentucky, 479 Versailles Road, Frankfort, Kentucky.

Members present:

Ron Sanders, Chair
John Boardman
Frank Collecchia
Hollis Gritton
Brenda McGown
Lynn Patterson
Laura Schneider
Joshua Underwood
Allison Ball, State Treasurer
Charles Harman, proxy for 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
Nate Van Sickel, Teachers' Retirement System
Jane Gilbert, Teachers' Retirement System
Greg Hall, Teachers' Retirement System
Felicia Penn, Teachers' Retirement System
Chuck Truesdell, Legislative Research Commission
O. J. Oleka, Office of the State Treasurer
Sue Ellen Caldwell, Kentucky Retired Teachers Association
Jerry Powell, Kentucky Retirement Systems

1. Reports for Consent: Chair Sanders reviewed the draft minutes of the following meetings and asked the board to act on the minutes: quarterly meeting of the Board of Trustees, June 18, 2018; special meeting of the Governance and Audit Committee, June 14, 2018; special meeting of the Insurance Committee, June 18, 2018; special meeting of the Insurance Committee, August 9, 2018; and special meeting of the Insurance Committee, August 22, 2018.

Board Action: The board considered the minutes of the quarterly meeting of the Board of Trustees, June 18, 2018; special meeting of the Governance and Audit Committee, June 14, 2018; special meeting of the Insurance Committee, June 18, 2018; special meeting of the Insurance Committee, August 9, 2018; and special meeting of the Insurance Committee, August 22, 2018. Upon motion duly made by Ms. McGown and seconded by Mr. Collecchia, the board unanimously 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 Ms. Schneider and seconded by Mr. Boardman, 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, 2018. 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, 2018, and the special meeting of the Investment Committee held on August 23, 2018.

Chair Sanders asked for questions or comments. Chair Sanders asked the board to act on the report by Mr. Siderewicz.

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

3. Report of the Insurance Committee: Mr. Harbin reported that the Insurance Committee met in special session on August 9 and 14, 2018. The Insurance Committee took the following actions:

- TRS MEHP 2019: a rate up to \$226 per month for the 2019 TRS MEHP (combined United Healthcare Medicare Advantage and Express Scripts Medicare Part D) for those retirees fulfilling the necessary service requirements;
- KEHP 2019: a medical insurance benefit supplement up to \$660.04 per month for those retirees fulfilling the necessary service requirements and an administrative fee of \$7.44 PPPM. (The state budget may increase the administrative fee beginning in July 2019. Staff will report to the committee any increase in the administrative fee for plan year 2019.); and
- Non-single Subsidy for KEHP: reducing the non-single subsidy supplement from 100% to 66.3% for plan year 2019 and then to 33.3% for plan year 2020 (with further action

possibly needed for the second six months of 2020 based upon the budget decisions of the 2020 legislature) as authorized by the legislature and/or mandated by law.

- The Insurance Committee also received a report on the personalized medicine pharmacogenomics project that is a cooperative effort by TRS, Coriell Life Sciences and the Know Your Rx Coalition.

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

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

4. Report of the Governance and Audit Committee: Mr. Wampler reported that the Governance and Audit Committee met in special session on September 17, 2018, prior to the quarterly board meeting. The Governance and Audit Committee took the following actions:

- Consulting/communications services: the committee received a report and recommendation from staff for contracting for consulting/communications services. Two firms submitted proposals to provide services for the remainder of fiscal year 2018-2019. Each firm complied with the mandatory requirements under the RFP. The two firms responding include:

Mulloyborland, Louisville
Strategic Advisers, Covington

Recommendation: The committee recommends contracting with Mulloyborland for consulting/communications services for the remainder of fiscal year 2018-2019.

- Discussion concerning the Auditor of Public Accounts: staff reported to the committee concerning APA inquiries and the scheduled audit for the current fiscal year. The report was for the information of the committee.

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

5. Executive Secretary's Observations and Comments: Mr. Harbin reported to the board on the Trustee Education Program; the November 2018 Trustee Workshop; GASB Statement Nos. 67, 68, 74 and 75; updates to the Board of Trustees Governance Manual; executive secretary's meetings; and the next meeting of the board. The executive secretary's report was informational, and the board took no action.

Adjournment: There being no further business to come before the board, upon motion duly made by Treasurer Ball, seconded by Mr. Boardman and by unanimous consent of the board, Chair Sanders declared the meeting adjourned at 1:47 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 17, 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 September 17, 2018.

Felicia Penn
Recording Secretary