

TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY
REGULAR QUARTERLY MEETING OF THE BOARD OF TRUSTEES
JUNE 21, 2021

Minutes of Meeting:

After giving proper notice of a regular quarterly meeting, and a quorum being present, Vice Chair Hollis Gritton called the TRS Board of Trustees to order at 12:30 p.m., Monday, June 21, 2021. The meeting was conducted by live video teleconference.

Members present:

Alison Wright, Chair
Hollis Gritton, Vice Chair
William Alverson
John Boardman
Frank Collecchia
Brenda McGown
Lynn Patterson
Laura Schneider
Joshua Underwood
Allison Ball, State Treasurer
Matthew Ross, 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
Mark Whelan, Teachers' Retirement System
Jane Gilbert, Teachers' Retirement System
Gregory Hall, Teachers' Retirement System
Becky Niece, Teachers' Retirement System
Nate Van Sichel, Teachers' Retirement System
Felicia Penn, Teachers' Retirement System
Ed Koebel, Cavanaugh Macdonald
Alisa Bennett, Cavanaugh Macdonald

1. Reports for Consent: Vice Chair Gritton reviewed the draft minutes of the March 15, 2021, Board of Trustees quarterly meeting and asked the board to act on the minutes.

Board Action: The board considered the minutes of the quarterly meeting of the board held on March 15, 2021. Upon motion duly made by Treasurer Ball and seconded by Dr. Patterson, the board unanimously approved the minutes as written.

Vice Chair Gritton reviewed the draft minutes of the March 15, 2021, Governance and Audit Committee meeting and asked the committee to act on the minutes.

Committee Action: The committee considered the minutes of the March 15, 2021, Governance and Audit Committee meeting. Upon motion duly made by Ms. Schneider and seconded by Mr. Underwood, the committee unanimously approved the minutes as written.

Vice Chair Gritton reviewed the draft minutes of the June 11, 2021, Governance and Audit Committee meeting and asked the committee to act on the minutes.

Committee Action: The committee considered the minutes of the June 11, 2021, Governance and Audit Committee meeting. Upon motion duly made by Ms. Schneider and seconded by Dr. Patterson, the committee unanimously approved the minutes as written.

Chair Wright began presiding over the meeting at 12:37 p.m.

Applications for Retirement and Annuity, Survivor Benefits, Life Insurance Benefits and Refunds: Mr. Wampler reported to the board regarding benefit payments. Chair Wright asked the board to act on the report of benefit payments.

Board Action: Upon motion duly made by Mr. Alverson and seconded by Ms. McGown, the applications for retirement and annuity, survivor benefits, life insurance benefits and refunds were approved by the board as reported.

Interim Financial Statements: The board considered the report on the Interim Financial Statements for the quarter ended March 31, 2021. The report was informational, and the board took no action on the Interim Financial Statements.

2. Standard Annual Board Actions

3.1. Report of Results of Trustee Election: Mr. Harbin reported to the board concerning the results of the elections for an active teacher trustee position and the retired trustee position. The election was held in April and May of 2021, and Jason Glass, commissioner of the Department of Education, certified the results on June 7, 2021. A copy of the letter certifying the results of the election is incorporated into the minutes.

Laura Schneider was reelected as the active teacher trustee. Brenda McGown was reelected as the retired teacher trustee. Their terms of office are July 1, 2021, through June 30, 2025.

2.2. Election of 2021-2022 Board Chair and Vice Chair: Mr. Harbin reported that KRS 161.340 provides that the board shall elect on an annual basis from its membership a chair and a vice chair.

Nominations for Chair and Vice Chair of the Board: Mr. Harbin asked for nominations for the position of chair and vice chair of the board for fiscal year 2022. Vice Chair Gritton nominated Alison Wright to serve as chair, and Ms. McGown nominated Hollis Gritton to serve as vice chair. Mr. Harbin called for other nominations, and none were made.

Board Action: Upon motion duly made by Vice Chair Gritton and seconded by Dr. Patterson, the board unanimously reelected Alison Wright as board chair for fiscal year 2022. Chair Wright abstained from voting.

Board Action: Upon motion duly made by Ms. McGown and seconded by Mr. Alverson, the board unanimously reelected Mr. Gritton as vice chair for fiscal year 2022. Vice Chair Gritton abstained from voting.

2.3. 2021-2022 Committee Appointments: Chair Wright reported to the board concerning the standing committees of the board.

2.4. Board Appointment of Investment Committee: Chair Wright reported to the board concerning the appointment of board members to the Investment Committee. Chair Wright referenced information in the memorandum set forth under Tab 2.4. of the materials provided to the board. Chair Wright asked for questions or comments. Chair Wright asked the board to act on the appointment of board members to the Investment Committee.

Board Action: Upon motion duly made by Dr. Patterson and seconded by Mr. Boardman, the board unanimously voted to appoint Hollis Gritton (chair), Brenda McGown (vice chair), John Boardman, Frank Collecchia, Josh Underwood, Alison Wright and William Alverson to the Investment Committee as members; and Laura Schneider and Lynn Patterson as alternate members.

Board Action: Upon motion duly made by Dr. Patterson and seconded by Ms. McGown, the board voted unanimously to appoint Bevis Longstreth and George Philip as expert, non-voting members of the Investment Committee.

2.5. Resolution Regarding Purchases or Sales of Investment Instruments: Mr. Harbin reported to the board concerning the resolution regarding the purchases and sales of investment instruments. Mr. Harbin referenced information in the memorandum set forth under Tab 2.5. of the materials provided to the board.

Board Action: Upon motion duly made by Mr. Gritton and seconded by Ms. Schneider, the board unanimously adopted the following resolution to confirm the authority granted to the executive secretary and the chief investment officer to execute purchases or sales of investment instruments on behalf of the board:

“BE IT RESOLVED, by the Board of Trustees of the Teachers’ Retirement System of the State of Kentucky, that the executive secretary or chief investment officer be, and they hereby are, authorized and empowered to execute purchases or sales of all investment instruments in the name of, or belonging to, the Teachers’ Retirement System of the State of Kentucky, or in its nominee name “KENTRES,” in any capacity and includes all investment instruments of the retirement system provided for in KRS 161.220 to 161.716 and KRS 161.990,

whether designated retirement annuity, life insurance, health insurance trust or the Kentucky Teachers' Retirement System insurance trust.”

2.6. Transfer of Interest: Mr. Harbin reported to the board that KRS 161.440 requires that a transfer of interest be made from the Guarantee Fund to other funds, except the Expense Fund and Medical Insurance Fund.

Chair Wright asked for questions or comments. Chair Wright asked the board to act and direct the executive secretary to transfer interest as required by KRS 161.440.

Board Action: Upon motion duly made by Ms. McGown and seconded by Mr. Gritton, the board unanimously issued the following directive:

“In accordance with KRS 161.440, the executive secretary is authorized and directed to credit the required interest on average monthly balances to (1) the Teachers' Savings Fund, (2) the State Accumulation Fund and (3) the Allowance Reserve Fund, such credits to be transferred from the Guarantee Fund and credited on July 1, 2021.”

2.7. Transfer of Reserve Funds: Mr. Harbin reported to the board that KRS 161.420 requires TRS to transfer an amount equal to the accounts of members retiring on July 1, along with an equal amount from the State Accumulation Fund, to the Allowance Reserve Fund each year. In addition, sufficient sums must be transferred during the year at the time of retirement of individual teachers.

Chair Wright asked for questions or comments. Chair Wright asked the board to consider the recommendation of the executive secretary.

Board Action: Upon motion duly made by Ms. Schneider and seconded by Mr. Boardman, the board unanimously issued the following directive:

“The executive secretary is directed to determine the aggregate amount of the accumulated accounts of teachers retiring during 2021-2022 and to transfer from the Teachers' Savings Fund to the Allowance Reserve Fund a sum equal to that amount; and, further, to transfer a matching amount from the State Accumulation fund to the Allowance Reserve Fund, both of which transfers are authorized by KRS 161.420(2), and (3).”

2.8. 2021-2022 Administrative Expense Fund Budget: Mr. Harbin reported to the board on the 2020-2021 Administrative Expense Fund Budget and the proposed 2021-2022 budget.

Chair Wright asked for questions or comments. Chair Wright asked the board to act on the report by the executive secretary.

Board Action: Upon motion duly made by Dr. Patterson and seconded by Mr. Underwood, the board unanimously approved the 2021-2022 Administrative Expense Fund Budget as presented.

23.9. IRC Section 415(b) Limit: Mr. Harbin reported to the board that KRS 161.611 authorizes a supplemental retirement benefit plan for the sole purpose of enabling TRS to apply the same formula for determining benefits payable to all members of the retirement system whose benefits under the retirement system are limited by Section 415 of the Internal Revenue Code. This plan requires annual transfers from employer contributions to fund the limited benefit.

Chair Wright asked for questions or comments. Chair Wright asked the board to consider the recommendation of the executive secretary.

Board Action: Upon motion duly made by Mr. Boardman and seconded by Mr. Gritton the board unanimously authorized the executive secretary to make necessary transfers from employer contributions sufficient to provide the benefits authorized in KRS 161.611 for fiscal year 2022.

2.10. Personnel Matters: Mr. Harbin reported the TRS Employee Compensation Plan provides that all employees eligible for annual salary increments shall receive increments equal to the percent funding available for state employees that is provided in the budget approved by the General Assembly. In the 2021 Regular Session of the General Assembly, the budget passed provides for no state employee annual increments. Therefore, the executive secretary requests authorization from the board to approve normal salary advancements that will maintain salary increments for TRS employees equal to that received by state employees, as provided by the system's Employee Compensation Plan, during fiscal year 2022.

Chair Wright asked for questions or comments. Chair Wright asked the board to consider the recommendation of the executive secretary.

Board Action: Upon motion duly made by Ms. McGown and seconded by Mr. Boardman, the board unanimously voted to approve normal salary advancements that will maintain salary increments for TRS employees equal to that received by state employees, as provided by the system's Employee Compensation Plan, during fiscal year 2022.

3. 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 March 31, 2021, and the quarterly meeting of the Investment Committee held on May 20, 2021.

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

Board Action: Upon motion duly made by Ms. Schneider and seconded by Mr. Underwood, the board unanimously accepted and ratified the report of the Investment Committee.

4. Report of the Governance and Audit Committee: Mr. Harbin reported that the Governance and Audit Committee met in special session on June 11, 2021. The Governance and Audit

Committee took the following action:

- Approved the report of the internal auditor for fiscal year 2021 work and plan for fiscal year 2022 work

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

Board Action: Upon motion duly made by Mr. Boardman and seconded by Dr. Patterson, the board unanimously accepted and ratified the report of the Governance and Audit Committee.

5. Actuary's Report on the Experience Study: Mr. Koebel and Ms. Bennett reported to the board on the experience study. Mr. Koebel noted that the actuary at the board's September 2021 quarterly meeting will review implementation of the experience study.

Board Action: Upon motion duly made by Mr. Gritton and seconded by Mr. Boardman, the board unanimously accepted the experience study.

6. Executive Secretary's Observations and Comments: Mr. Harbin reported to the board on the number of retirements; activities of the Public Sector Healthcare Roundtable; recent meetings of the executive secretary; the COVID-19 coronavirus pandemic; the director of retiree health care serving on SALGBA board; the chief financial officer serving on GFOA committee; the internal auditor serving on the Association of Public Pension Fund Auditors (APPFA) board; GASB 68 and 75 audit reports; and the next meeting.

Adjournment: There being no further business to come before the board, upon motion duly made by Ms. Schneider and seconded by Mr. Underwood, and by unanimous consent of the board, Chair Wright declared the meeting adjourned at 2:32 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 September 20, 2021.

Alison Wright, 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 June 21, 2021.

Felicia Penn
Recording Secretary