

TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY  
REGULAR QUARTERLY MEETING OF THE BOARD OF TRUSTEES  
JUNE 20, 2022

Minutes of Meeting:

After giving proper notice of a regular quarterly meeting, and a quorum being present, Chair Alison Wright called the TRS Board of Trustees to order at 12:30 p.m., Monday, June 20, 2022. 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  
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 Sickel, Teachers' Retirement System  
Margaret Hockensmith, Teachers' Retirement System

1. Reports for Consent: Chair Wright reviewed the draft minutes of the March 21, 2022, 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 21, 2022. Upon motion duly made by Treasurer Ball and seconded by Mr. Gritton, the board unanimously approved the minutes as written.

Chair Wright reviewed the draft minutes of the March 21, 2022, Governance and Audit Committee meeting and asked the committee to act on the minutes.

Committee Action: The committee considered the minutes of the March 21, 2022, Governance and Audit Committee meeting. Upon motion duly made by Ms. Schneider and seconded by Mr. Boardman, the committee 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 Wright asked the board to act on the report of benefit payments.

Board Action: Upon motion duly made by Dr. Patterson 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 March 31, 2022. The report was informational, and the board took no action on the statements.

## 2. Standard Annual Board Actions

2.1. 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 lay trustee position. The election was held in April and May of 2022, and Jason Glass, commissioner of the Department of Education, certified the results on June 8, 2022. A copy of the letter certifying the results of the election is incorporated into the minutes.

Dr. Ben Littlepage was elected as the active teacher trustee. Hollis Gritton was reelected as the lay trustee. Their terms of office are July 1, 2022, through June 30, 2026.

2.2. Election of 2022-2023 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 2023. Laura Schneider nominated Brenda McGown to serve as chair, and Lynn Patterson nominated John Boardman to serve as vice chair. Mr. Harbin called for other nominations, and none were made.

Board Action: Upon motion duly made by Laura Schneider and seconded by Dr. Patterson, the board unanimously elected Brenda McGown as board chair for fiscal year 2023.

Board Action: Upon motion duly made by Dr. Lynn Patterson and seconded by Treasurer Ball, the board unanimously elected John Boardman as vice chair for fiscal year 2023.

2.3. 2022-2023 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 Ms. McGown 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 Ben Littlepage as alternate members.

Board Action: Upon motion duly made by Ms. McGown and seconded by Mr. Boardman, 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 Mr. Alverson, 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 Health Insurance Trust.

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 Mr. Collecchia and seconded by Mr. Boardman, 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, 2022.”

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 Mr. Gritton and seconded by Ms. Schneider, 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 fiscal year 2023 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. Fiscal Year 2023 Administrative Expense Fund Budget: Mr. Harbin reported to the board on the fiscal 2022 Administrative Expense Fund Budget and the proposed fiscal 2023 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 Treasurer Ball and seconded by Ms. McGown, the board unanimously approved the fiscal 2023 Administrative Expense Fund Budget as presented.

2.9. 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 Dr. Patterson 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 2023.

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. The biennial budget passed in the 2022 Regular Session of the General Assembly provides for a first-year increase in salary of 8% for state employees effective July 1.

The executive secretary requested authorization from the board to approve salary advancements for all eligible TRS employees as provided by TRS's Employee Compensation Plan consistent with the pay increase in the state budget for state employees during fiscal year 2023.

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. Gritton and seconded by Ms. Schneider, the board unanimously voted to approve salary advancements for all eligible TRS employees as provided by TRS's Employee Compensation Plan consistent with the pay increase in the state budget for state employees during fiscal year 2023.

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, 2022, and the quarterly meeting of the Investment Committee held on May 26, 2022.

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. Boardman, the board unanimously accepted and ratified the report of the Investment Committee.

4. Report on the 2022 Regular Session of the General Assembly: Mr. Barnes reported on the state biennial budget and the funding it will provide to TRS over the next two years. The report was informational, and the board took no action.

5. Report of the Governance and Audit Committee: Mr. Harbin reported that the Governance and Audit Committee held a special meeting on June 20, 2022, prior to the board meeting. Mr. Harbin reported on the actions of the committee. 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 Dr. Patterson and seconded by Ms. McGown, the board unanimously accepted and ratified the report of the committee.

6. Executive Secretary's Observations and Comments: Mr. Harbin reported to the board on the operations of TRS. His report was informational, and the board took no action.

Resolution Honoring Dr. Lynn Patterson: Mr. Harbin read a resolution recognizing Dr. Lynn Patterson for her service on the board. A copy of the resolution is incorporated into the minutes.

Board Action: Upon motion duly made by Ms. Schneider and seconded by Mr. Gritton, the board unanimously accepted and ratified the resolution recognizing Dr. Patterson.

Adjournment: There being no further business to come before the board, upon motion duly made by Dr. Patterson, seconded by Mr. Boardman and by unanimous consent of the board, Chair Wright declared the meeting adjourned at 1:56 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 19, 2022

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Alison Wright, Chair

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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.

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Robert B. Barnes, Deputy Executive Secretary  
and General Counsel

I, Margaret Hockensmith, 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 20, 2022.

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Margaret Hockensmith  
Recording Secretary