

**KENTUCKY TEACHERS' RETIREMENT SYSTEM
MINUTES OF THE QUARTERLY MEETING OF THE BOARD OF TRUSTEES
MARCH 16, 2009**

Under authority of KRS 161.290(1), the Board of Trustees of the Teachers' Retirement System of the State of Kentucky convened in Regular Session in the Board Room of the Teachers' Retirement System Office, 479 Versailles Road, Frankfort, Kentucky, at 9 a.m., ET, Monday, March 16, 2009.

Item 1 - Board Called to Order

Barbara G. Sterrett, Chairperson, called the meeting to order.

Item 2 - Roll Call

Members present were:

Laura A. Zimmerman

Barbara G. Sterrett

Ruth Ann Sweazy

Ronald L. Sanders

Robert M. Conley

Tom Shelton (Mr. Shelton left the meeting at 11:50 A.M.)

Todd Hollenbach, State Treasurer

Ruth Webb, Proxy for Elaine Farris, Interim Commissioner of Education

Members absent were:

Dr. Jay Morgan

Others present were:

Gary L. Harbin, Kentucky Teachers' Retirement System

Eric Wampler, Kentucky Teachers' Retirement System

Robert Barnes, Kentucky Teachers' Retirement System

Sandra Shroat Bush, Kentucky Teachers' Retirement System

Paul Yancey, Kentucky Teachers' Retirement System

Jane C. Gilbert, Kentucky Teachers' Retirement System

Glenn Tucker, Kentucky Teachers' Retirement System

Mark Whelan, Kentucky Teachers' Retirement System

Leeann G. Uebel, Kentucky Teachers' Retirement System

Cebert Gilbert, Kentucky Retired Teachers Association

Erlynn Crowe, Kentucky Education Association-Retired

Fred Hester, Kentucky Education Association-Retired

Ms. Webb was appointed a permanent proxy for Ms. Elaine Farris, on February 3, 2009, and the proxy is attached hereto as Exhibit A and made a part hereof.

Item 3 - Minutes of Last Quarterly Meeting

The Board considered the minutes of the previous meeting held December 15, 2008. Upon motion duly made by Mr. Hollenbach and seconded by Mr. Conley, the minutes were unanimously approved as written.

Item 4 - Report of the Secretary

Chairperson Sterrett recognized Mr. Harbin for the Report of the Secretary. Mr. Harbin recognized Mr. Wampler who presented Items 4(A)-4(E).

Item 4(A) - Applications for Retirement and Annuity

Mr. Wampler distributed a table (a copy of which is attached hereto as Exhibit B and made a part hereof) showing retirements for the months of December, 2008 (a copy of which is attached hereto as Exhibit C and made a part hereof); January, 2009 (a copy of which is attached hereto as Exhibit D and made a part hereof); and February, 2009 (a copy of which is attached hereto as Exhibit E and made a part hereof). He noted that there were 4 payments for handicapped children; 27 payments for disability retirement; 250 payments for service retirement and 3 payments for beneficiaries of members eligible to retire. Initial retirements for the period included 284 retirees with monthly payments totaling \$659,550.88. The Board was requested to approve these initial payments as listed in the detailed monthly reports.

BOARD ACTION:

Chairperson Sterrett asked for questions or comments. Upon motion duly made by Ms. Sweazy and seconded by Mr. Shelton, the initial payments to retirees for the months of December 2008 and January and February 2009, were unanimously approved as presented.

Item 4(B) - Survivor Benefits

Mr. Wampler discussed the Survivor Benefits Report for the period October 1 – December 31, 2008 (a copy of which is attached hereto as Exhibit F and made a part hereof), which indicates 3 survivor benefits, with a total monthly payment of \$5,287.87. The Board was requested to approve the initial payments of these benefits as listed in the detailed report.

BOARD ACTION:

Chairperson Sterrett asked for questions or comments. Upon motion duly made by Ms. Zimmerman and seconded by Mr. Hollenbach, the initial payments for survivor benefits for the months of October, November and December 2008, were unanimously approved as presented.

Item 4(C) - Life Insurance Benefits

Mr. Wampler presented the life insurance benefits report for the period of October 1 - December 31, 2008 (a copy of which is attached hereto as Exhibit G and made a part hereof), which shows 7 payments to the estates or beneficiaries of active members and 146 payments to the estates or beneficiaries of retired members for a total of 153 payments totaling \$744,000.00. Totals for the same quarter in 2007 were 191 payments in the amount of \$934,000.00. The Board was requested to approve the payment of these benefits.

BOARD ACTION:

Chairperson Sterrett asked for questions or comments. Upon motion duly made by Mr. Conley and seconded by Mr. Sanders, payments for life insurance benefits for the months of October, November and December 2008, were unanimously approved as presented.

Item 4(D) - Refunds

Mr. Wampler discussed the report of refunds (a copy of which is attached hereto as Exhibit H and made a part hereof), for the quarter ended December 31, 2008, that indicates a total of 700 refunds in the amount of \$4,631,787.17. During the same quarter in 2007, there were 731 refunds in the amount of \$5,111,968.89. The Board was requested to ratify the actions of the staff in refunding these accounts.

BOARD ACTION:

Chairperson Sterrett asked for questions or comments. Upon motion duly made by Mr. Shelton and seconded by Ms. Zimmerman, the report of refunds for the quarter ending December 31, 2008 was unanimously ratified as presented.

Item 4(E) - Interim Financial Statements

The Interim Financial Statements for the quarter ended December 31, 2008 (a copy of which is attached hereto as Exhibit I and made a part hereof) were submitted for informational purposes only and required no action of the Board of Trustees.

Item 4(F) - Report of the Investment Committee

Mr. Harbin recognized Mr. Yancey for the Investment Committee report (a copy of which is attached hereto as Exhibit J and made a part hereof).

The Report of the Investment Committee for the quarter ended December 31, 2008 is presented for review and approval. During this quarter, there were 2,243 purchases amounting to \$10,981,036,128.19, and 1,679 disposals amounting to \$11,138,172,250.82. The disposals consisted of 1,074 sales, 508 principal payments and 91 redemptions. While the KTRS investment office initiates each of these transactions, the custodian of securities is responsible for

handling and securing each stock, bond or other type of investment. At the end of the quarter, the System's invested securities had a book value of \$13,474,252,217.22 and a market value of \$11,394,488,590.36.

The System's total assets returned -23.0% for the year ended December 31, 2008. While the System experienced negative returns during the year like all other investors, we continue to hold up better than most other large institutional investors. The System's return on its domestic stocks was -36.5% during the year, thus slightly outperforming the broad U.S. stock market, as measured by the S&P 1500 Index, which returned -36.7%. The System's international stocks slightly underperformed the MSCI EAFE Index during the year with a return of -44.7% as compared to -43.1% for the Index. The System's bonds also underperformed their benchmark with a return of 4.9% versus a return of 5.7% for the Barclay's Government Credit Index. The past year was a very difficult period for active bond managers to outperform the Index due to the strong performance of U.S. Treasury securities as compared to other sectors of the bond market. It is worth noting that the System's bonds achieved top quartile performance when compared to a composite of other large institutional plans according to the System's investment consultant.

Further Developments

Over the past few years the System has further diversified the System's assets. This has included expansion into international stocks, private equity investments, real estate, and various other asset classes such as mid cap stocks. Each year the Investment Committee approves a strategic range, expressed as a percentage of total assets, for each of the System's asset classes. Normally, if an asset class falls outside of this strategic range due to movements in the market, investment staff will take actions to rebalance the portfolio so that each asset class falls within its approved range. However, KTRS is now facing the same challenges as all other pension funds regarding asset allocation ranges. With the sharp pullback in stock prices, most funds have fallen below their strategic range in stocks and have moved above their strategic range in bonds. The dilemma facing investors in today's environment is that the bond market is highly illiquid with the exception of Treasury bonds and select agency securities. Therefore, it has become difficult to rebalance without having to sell bonds at distressed prices. In November, the KTRS Investment Committee temporarily suspended adherence to the strategic asset allocation ranges until the financial markets return to functioning in a more normal fashion. The Committee voted to continue this policy at the February 6, 2009 Investment Committee meeting. This topic will be reviewed at the next Investment Committee meeting.

Going forward, the System will continue to explore new investment opportunities and asset classes. Currently, investment staff are diligently reviewing such areas as high yield bonds, distressed debt, secondary private equity investments, and other areas where good value can be found for our members. We believe that extraordinary market conditions are creating long-term opportunities which we will pursue only after thorough due diligence, an assessment of appropriateness within the System's asset allocation and Board approval.

Item 4(G) - Report of the Insurance Committee

Mr. Harbin recognized Jane Gilbert for the Insurance Committee report.

At a previous meeting of the KTRS Insurance Committee and Board, KTRS staff received approval to issue a Request for Qualifications (RFQ) for a broker/consultant for a Prescription Drug Plan, known as an Employer Group Waiver Plan under the Medicare Modernization Act, effective January 2010, to determine if an annual savings of \$5-15 million can be achieved with minimal benefit disruption to our membership. Should such a savings be recognized, there would be a significant reduction in the actuarial unfunded OPEB liability as projected by the KTRS actuaries and this would further help stabilize member premium costs for the MEHP plan.

The RFQ for a broker/consultant went out in early December 2008 with bid responses due by early January 2009. Throughout the Q & A period, there were five broker/consultants interested in this RFQ, which were AON Consulting, BENISTAR/Cornerstone Senior Solutions, Cavanaugh Macdonald Consulting, Global Pharmaceutical Solutions, and Independent Pharmaceutical Consultants. At the time of final responses being due, KTRS received two final bids that met qualifications after a clarification period. The two final bids were from AON Consulting and Benistar/Cornerstone Senior Solutions. Grace Dotson, Julie Rogers, and Jane Gilbert evaluated these bid responses with Felicia Penn officially recording the scores. The final scores indicate that AON Consulting won this bid.

BOARD ACTION:

Chairperson Sterrett asked for questions or comments. Upon motion duly made by Insurance Committee and seconded by Mr. Hollenbach, the Board voted unanimously to recommend the Board of Trustees approve the RFQ award to AON Consulting.

The Board recessed at 10:15 a.m. and resumed at 10:25 a.m.

Item 4(H) – Consideration of Personal Service Contracts for FY 2009-2010

Mr. Harbin stated that KRS 161.430 provides that the Board of Trustees shall contract for such actuarial, auditing, medical, investment counseling and other professional and technical services as are required to carry out the obligations of the Board. The annual renewal of contracts related to investment activities were presented to the Investment Committee at its last meeting on February 6, 2009. The Investment Committee voted to recommend to the full board that it authorize staff to negotiate the renewal of these contracts.

Mr. Harbin distributed a chart outlining contract renewal information for Investment Managers, Actuary and Bank Custodial Services. To date, all vendors have agreed to contract amounts at or below the 2008-2009 maximum contract amounts.

Investment Consultant

On February 27, 2009, KTRS issued an RFP for a general investment consultant. Staff will be evaluating responses to the RFP and reporting to the Investment Committee during the months of April and May. Thereafter, the Investment Committee may recommend a general investment consultant firm to the Board at the June meeting.

Investment Managers

1. **Galliard Capital Management**, Minneapolis, Minnesota is a core U.S. fixed income (bond) manager.
2. **GE Asset Management Incorporated**, Stamford, Connecticut, is a domestic large capitalization growth equity manager.
3. **UBS Global Asset Management (Americas) Inc.**, Chicago, Illinois, is an international comingled fund investing in international equities.
4. **UBS Global Asset Management (Americas) Inc.**, Chicago, Illinois, is a U.S. equities value-oriented portfolio manager. UBS manages two separate value-oriented equity strategies under this contract.
5. **Wellington Management Company**, Boston, Massachusetts, is a U.S. equities manager of three separate strategies including large, medium, and small capitalization equity management.

Actuary

Cavanaugh Macdonald Consulting, LLC., Kennesaw, Georgia, is an actuarial consulting firm. KRS 161.400 provides that the Board designate an actuary to provide technical advice on matters regarding the operation of the System. The services include performance of an annual actuarial valuation of the pension fund, performance of an annual actuarial valuation of the medical and other post employment benefits to comply with GASB standards, and to establish the required contribution rate to stabilize the medical insurance fund. Also included is an annual attestation of the actuarial equivalence of the System's prescription drug benefit in order to receive the Medicare Part D Subsidy, analysis of all proposed legislative changes, and other special projects that may be assigned.

Custodian of Securities

Farmers Bank, Frankfort, Kentucky, is a custodial bank. KRS 161.380(2) requires the Board to appoint a Custodian of Securities who is responsible for the safekeeping of all securities placed in their custody. The custodian collects dividends, interests, payments on principal, and processes the physical execution of all purchases and sales of all transactions approved by the System. The Farmers Bank and Capital Trust Company has served as Custodian of Securities since 1940.

While the System depends upon Farmers Bank to safely keep hundreds of original documents such as mortgages, lease agreements, deeds, and various warranties, a significant portion of the custodial duties are handled by the sub-custodian, Bank of New York. The combined services of the two banks have been quite satisfactory.

Twice during the last nine years, Farmers Bank and KTRS have evaluated proposals by major money center banks in an effort to periodically reassess the service provided by the Bank of New York. On each review, the Bank of New York has compared favorably to other money center custodians. The Bank of New York has handled the System's sub-custodian duties for decades. Farmers Bank also is the State's Custodian.

Recommendation: The Executive Secretary seeks the Board's authorization to negotiate for renewal of these standard contracts for fiscal year 2009-2010. Particular contract terms will be reported at a subsequent meeting.

BOARD ACTION:

Chairperson Sterrett asked for questions or comments. Upon motion duly made by Mr. Hollenbach and seconded by Ms. Zimmerman, the Board unanimously approved the negotiation of the 2009-2010 contracts.

Mr. Barnes presented contracts for standard legal, auditing, and information technology service contracts to be renewed for the period from July 1, 2009 through June 30, 2010. Mr. Barnes distributed a chart outlining contract renewal information.

Legal

1. **Reinhart Boerner Van Deuren, s.c.**, Madison, Wisconsin, provides legal services to KTRS on matters relating to securities litigation, investment, tax, compliance with federal law and other matters relating to pension or investment.
2. **Schottenstein Zox & Dunn**, Columbus, Ohio, provides legal services on private equity investments.
3. **Reed Weitkamp Schell & Vice, PLLC**, Louisville, Kentucky, provides legal consultation to KTRS when questions arise regarding interpretation of the Internal Revenue Code or other tax-related matters.
4. **Stoll, Keenon & Ogden, PLLC**, Frankfort, Kentucky, provides representation in litigation, contractual agreements, real estate, and other matters.
5. **Ice Miller**, Indianapolis, Indiana, provides legal consultation regarding federal tax compliance and fiduciary legal services.

6. **Klausner and Kaufman**, Plantation, Florida, provides legal services concerning pension, tax, and fiduciary matters.

Auditor

Charles T. Mitchell Company, Frankfort, Kentucky, provides auditing and tax consultation services.

Information Technology

Rippe & Kingston, Cincinnati, Ohio, provides information technology services for the KTRS Pathway Project.

Recommendation: The Deputy Executive Secretary seeks the Board's authorization to negotiate for renewal of these standard contracts for fiscal year 2009-2010. Particular contract terms will be reported at a subsequent meeting.

BOARD ACTION:

Chairperson Sterrett asked for questions or comments. Upon motion duly made by Mr. Shelton and seconded by Mr. Hollenbach, the Board unanimously approved the negotiation of the 2009-2010 contracts.

Internal Controls

Mark Whelan, Chief Financial Officer of KTRS discussed internal controls relating to travel and business expenses of the system. The presentation was for informational purposes and did not require board action.

Item 4 (I). - Legislative Report

Mr. Barnes reported that the Kentucky General Assembly convened for its 2009 Regular Session on January 6th. It temporarily adjourned on March 13th for the required ten-day (excluding Sundays) veto period during which the Governor may exercise his veto authority. The General Assembly then re-convenes on March 26th for the Session's final two days that may be used to consider overriding any vetoes that the Governor may exercise. These two days can also be used to enact legislation and such a use of these days is not uncommon. The General Assembly adjourns sine die on March 27th and will not convene again as a body until the 2010 Regular Session, unless a Special Session is called in the interim by the Governor, which is reportedly a possibility this year.

There has been little legislation introduced during the 2009 Regular Session that would have an impact on KTRS. Of the bills that would have some impact on the retirement system, House Bill 256 was one. This bill would have allowed school districts to adopt alternative calendars by adding forty-five minutes to instructional days to shorten the school year as long as

1,062 instructional hours were provided. This alternative calendar would have allowed districts to complete their instructional calendars with as few as 157 instructional days. House Bill 256 would have added some actuarial cost to the system as it would alter the current retirement pattern by increasing the number of June retirements from the school districts and, for the first time, creating the possibility for school district employees to finish the year and retire in May. It would also have granted, unintentionally, extra days of service credit for which contributions would not have been made in the event that a member missed more than five days in a year. KTRS worked with the bill's sponsor who agreed to amendments to his bill that would have made it actuarially neutral. Due to concerns for the educational impact of this bill, however, it has not been reported out of the House Education Committee and therefore is unlikely to pass this late in the Session.

Senate Bill 40 provided for a "health benefit plan reimbursement for practitioners of the healing arts." This bill, which would affect reimbursement rates primarily for chiropractors, would have increased costs for the Kentucky Employees Health Plan under which active and retired teachers under the age of sixty-five participate. This bill has been recommitted to the Appropriations and Revenue Committee in the Senate and appears unlikely headed for passage this late in the Session.

House Concurrent Resolution 11 urges Congress to eliminate Social Security's Windfall Elimination Provision and the Government Pension Offset. The House approved this resolution by a vote of 97-0 and it was assigned to the Senate State and Local Government Committee on March 3rd where it has not since advanced.

Finally, the Board approved at its September 2008 meeting the filing of an application for a "Cycle C" determination letter from the Internal Revenue Service to establish the retirement system's compliance with relevant sections of the Internal Revenue Code and Treasury Regulations. This filing is strongly recommended by the Service for public retirement plans and is important in confirming KTRS's qualified status under Sections 401(a) and 414(d) of the Internal Revenue Code, a status that makes it possible for its members to make contributions to the retirement system on a tax-deferred basis. After much work by staff with the assistance of tax counsel, KTRS's Cycle C filing was timely made on January 16th. KTRS has also filed several regulations that were recommended by tax counsel, and approved by the Board at its December 2008 meeting, that maintain KTRS's conformity with relevant tax law. These regulations are now progressing through the necessary approval process with the Legislative Research Commission and appropriate legislative subcommittees and should hopefully be effective by the June Board meeting.

Item 4 (J). - Benefits Eligibility

Eligibility for Benefits by Persons Providing Substitute and Part-time Services

Mr. Barnes reported that in 2002, as a result of the enactment of House Bill 637 during the Regular Session of the General Assembly, persons providing part-time services in positions that require certification or a four-year degree, or who provide substitute or part-time teaching

services in positions that are the same or similar to teaching services provided by certified, full-time teachers, became members of the retirement system for the first time. This legislation required the Board to adopt eligibility conditions under which these new members could apply for disability retirement, and their beneficiaries and survivors could apply for life insurance and survivor benefits, available to members of KTRS who are employed on a full-time basis.

At its June 2002 meeting, the Board adopted eligibility conditions for these three benefits for persons providing part-time and substitute services by requiring them to work forty-five full days in a single fiscal year for a KTRS employer before they would become eligible for these benefits for the remainder of the fiscal year. Furthermore, these new members would be required to work at least forty-five full days for each fiscal year to be eligible for these benefits for the remainder of the year.

At the time of the June 2002 Board meeting, it was understood that the Board and staff were attempting to implement many new provisions of the expansive House Bill 637 and it was reasonably anticipated that certain of the decisions on implementation would need to be reviewed and very possibly modified with the passage of time and the advantage of actual experience. Such a review and possible modification has become, for two reasons, timely for the eligibility conditions for benefits that were established for persons providing part-time and substitute services.

First, the forty-five day requirement leaves substitute teachers with a gap in eligibility from the beginning of each fiscal year until they achieve forty-five full working days. Second, the forty-five day rule is appearing to require too few days worked as individuals are beginning to view it as a relatively easy threshold to meet in gaining access to benefits.

To address these two issues presented with the current forty-five day rule, it is recommended that the Board consider amending the eligibility conditions by requiring members providing part-time and substitute services to work a number of full-time days equivalent to sixty-nine hundredths of a full contract year. Once this threshold is met, eligibility for these benefits would continue through the end of the next fiscal year. This threshold number of days would have to be worked in that next fiscal year to be eligible during the year after and so on, but this threshold would provide continuing, uninterrupted eligibility for those persons who are providing a more significant commitment to education. It would also provide a threshold that would be more difficult to achieve for those persons who try to work just the requisite number of days to become eligible to apply for disability retirement.

With a threshold of sixty-nine hundredths of a full contract year, under a 187-day calendar, the member providing part-time or substitute services would be required to work 129 days before becoming eligible for disability, life insurance or survivor benefits. The "carry-over" provision of this rule that would extend eligibility through the end of the next fiscal year following the one during which the threshold was met would parallel the disability retirement eligibility conditions for members who are employed on a full-time basis who remain eligible for these benefits through the end of the next fiscal year immediately following any year in which they made contributions to the retirement system.

This proposal, if approved by the Board, would continue to be refined by staff and prepared in a proper format for the promulgation of administrative regulations that would be presented for the Board's approval at its June 2009 meeting. The KTRS actuary is assisting KTRS in this process.

Recommendation

It is proposed that the Board consider amending the retirement benefit eligibility conditions that it adopted at its June 2002 meeting for persons providing part-time services in positions that require certification or a four-year degree, or who provide substitute or part-time teaching services in positions that are the same or similar to teaching services provided by certified, full-time teachers, in the manner as follows:

- (1) All members who provide part-time or substitute teaching services will be required, effective July 1, 2009, to work at least sixty-nine hundredths of a full contract year that would be completed by a member employed on a full-time basis in the same position in order to become eligible to apply for disability retirement, and for their beneficiaries and survivors to be eligible to apply for life insurance and survivor benefits. If this calculation results in a fractional number of days, the number shall be rounded down to the next whole number of days. Members who provide part-time or substitute teaching services in more than one school district in the same fiscal year shall be required to complete a number of days at least equal to sixty-nine hundredths of the school calendar in the district requiring the greatest number of days.
- (2) All members who are employed part-time in a non-teaching, part-time position that requires certification or a four-year degree shall be required, effective July 1, 2009, to complete a number of days at least equal to sixty-nine hundredths of the number of days required for full-time employment in the position in order to become eligible to apply for disability retirement, and for their beneficiaries and survivors to be eligible to apply for life insurance and survivor benefits. If this calculation results in a fractional number of days, the number shall be rounded down to the next whole number of days. If the position does not provide for full-time employment, the member shall be required to complete at least sixty-nine hundredths of a normal full-time contract of 260 days, thus requiring the member providing the part-time services described in this paragraph to complete at least 179 days. Under no circumstances shall a full-time employment contract be deemed to require less than 220 working days, thus members providing the part-time services described in this paragraph shall be required at a minimum to complete at least 151 days. Members providing the part-time services described in this paragraph who are employed by more than one employer in the same fiscal year shall be required to complete a number of days at least equivalent to sixty-nine hundredths of the full-time contract of the employer requiring the greatest number of worked days.

Members providing the services described in paragraphs one and two above will be accredited days by adding their total number of hours worked in one fiscal year and dividing that number by the number of hours that are required under a normal, full-time contract to extrapolate the number of full-time days. Once the requisite number of days (or equivalent days) are worked

for one fiscal year, the member is eligible to apply for disability retirement, and his or her beneficiaries and survivors are eligible to apply for life insurance and survivor benefits, through the end of the next fiscal year immediately succeeding the fiscal year in which the eligibility conditions are met.

BOARD ACTION:

Chairperson Sterrett asked for questions or comments. Upon motion duly made by Mr. Conley and seconded by Mr. Shelton, the Board unanimously approved the retirement benefit eligibility conditions recommendations.

Item 4 (K). - Board Governance Manual

Mr. Wampler presented a draft of the Board Governance Manual. He reminded the Board that this document is not exhaustive and is subject to change. The manual is a broad outline of the way the Board conducts its business under applicable law. The document describes the composition of the Board and the responsibilities of individual Board members. Additionally, the document addresses the administrative structure of the retirement system, the conduct of public meetings, committees of the Board, Board policies, and other matters related to the organized, efficient, and cohesive functioning of the Board. This document is worded using laymans terms and state and federal laws will prevail. Mr. Wampler also reported that this document will be posted to the KTRS website.

The proposed Conflict of Interest and Confidentiality Policy and a memorandum regarding communications, which were reviewed at the Investment Committee meeting on February 6, 2009 were provided.

BOARD ACTION:

Chairperson Sterrett asked for questions or comments. Upon motion duly made by Mr. Conley and seconded by Ms. Webb, the Board unanimously approved the Conflict of Interest and Confidentiality Policy with language revision.

BOARD ACTION:

Chairperson Sterrett asked for questions or comments. Upon motion duly made by Mr. Conley and seconded by Mr. Sanders, the Board unanimously approved the memorandum regarding communications.

BOARD ACTION:

Chairperson Sterrett asked for questions or comments. Upon motion duly made by Mr. Sanders and seconded by Ms. Zimmerman, the Board unanimously approved draft of the Board Governance Manual as a work in process.

Item 4(J) - Executive Secretary's Observations and Comments

In the interest of time, Mr. Harbin elected to forgo the Executive Secretary's Observations and Comments.

Mr. Harbin announced that the scheduled date for the next Board of Trustees meeting is Monday, June 15, 2008, 9:00 a.m., Eastern Time.

Item 5 - General Discussion

Ms. Sweazy expressed gratitude to KTRS staff and announced Bellarmine College's intention to incorporate education on the Kentucky Teachers' Retirement System in the curriculum.

Item 6 - Adjournment

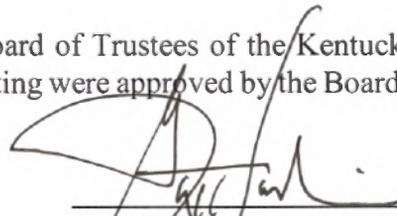
There being no further business to come before the Board of Trustees, and upon motion duly made by Mr. Hollenbach and seconded by Ms. Zimmerman, Chairperson Sterrett declared the meeting adjourned at 12:30 p.m.

CERTIFICATIONS

We, the Chair and the Executive Secretary of the Board of Trustees of the Kentucky Teachers' Retirement System, do certify that the Minutes of Meeting were approved by the Board on June 15, 2009.



Barbara Sterrett, Chair



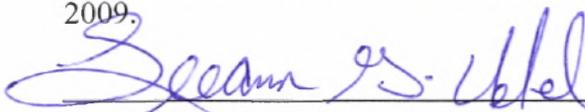
Gary Harbin, Executive Secretary

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, Leeann G. Uebel, do certify that I was present at the meeting and duly recorded the actions of the Board of Trustees of the Kentucky Teachers' Retirement System at its meeting on March 16, 2009.



Leeann G. Uebel
Recording Secretary