

KENTUCKY TEACHERS' RETIREMENT SYSTEM
REGULAR QUARTERLY MEETING OF THE BOARD OF TRUSTEES
SEPTEMBER 16, 2013

Minutes of Meeting:

After giving proper notice of a regular quarterly meeting, and a quorum being present, Chair Tom Shelton called the KTRS Board of Trustees to order at 9:00 a.m., Monday, September 16, 2013 in the Board Room of the Teachers' Retirement System Office, 479 Versailles Road, Frankfort, Kentucky.

Members present were:

Tom Shelton, Chair
Laura Zimmerman, Vice Chair
Arthur Green
Hollis Gritton
Jay Morgan
Ruth Ann Sweazy
Todd Hollenbach, State Treasurer
Charles Harman, Proxy for the Commissioner of Education

Others present were:

Gary L. Harbin, Kentucky Teachers' Retirement System
Eric Wampler, Kentucky Teachers' Retirement System
Robert Barnes, Kentucky Teachers' Retirement System
Paul Yancey, Kentucky Teachers' Retirement System
Kevin Carrico, Kentucky Teachers' Retirement System
Mark Whelan, Kentucky Teachers' Retirement System
Jane Gilbert, Kentucky Teachers' Retirement System
Glenn Tucker, Kentucky Teachers' Retirement System
Nathan Van Sickel, Kentucky Teachers' Retirement System
Julie Rogers, Kentucky Teachers' Retirement System
Steve Fouts, Kentucky Teachers' Retirement System
J. P. Cordray, Kentucky Teachers' Retirement System
Felicia Penn, Kentucky Teachers' Retirement System
Ron McCartney, LRWL
Manoj Punwani, Sagitec
Pat Cleaver, Sagitec
Tim Mulloy, Peritus
Teresa Sanders, Governor's Office for Policy and Management
Alex Fontana, Legislative Research Commission
Kayne Ishmael, Kentucky Education Association
Patti Hester, Kentucky Education Association-Retired
Fred Hester, Kentucky Education Association-Retired
Patsy Rainey, Kentucky Retired Teachers Association

1. Reports for Consent

Chair Shelton reviewed the draft minutes of the June 17, 2013 meeting and asked the Board to take action on the minutes.

Board Action: The Board considered the minutes of the Quarterly Meeting of the Board of Trustees held June 17, 2013. Upon motion duly made by Mr. Green, and seconded by Ms. Zimmerman, the minutes were unanimously approved by the Board as written.

Chair Shelton reviewed the draft minutes of the June 10, 2013 Special Meeting of the Personnel Committee and asked the Committee to take action on the minutes.

Committee Action: The Committee considered the minutes of the Special Meeting of the Personnel Committee held June 10, 2013. Upon motion duly made by Ms. Zimmerman, and seconded by Mr. Gritton, the minutes were approved by the Committee as written.

Chair Shelton reviewed the draft minutes of the September 6, 2013 Special Meeting of the Insurance Committee and asked the Committee to take action on the minutes.

Committee Action: The Committee considered the minutes of the Special Meeting of the Insurance Committee held September 6, 2013. Upon motion duly made by Mr. Gritton and seconded by Ms. Sweazy, the minutes were approved by the Committee as written.

Applications for Retirement and Annuity, Survivor Benefits, Life Insurance Benefits, and Refunds: Mr. Wampler reported to the Board regarding benefit payments. Chair Shelton asked the Board to take action on the report of benefit payments.

Board Action: Upon motion duly made by Ms. Sweazy, and seconded by Mr. Gritton, 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 June 30, 2013. The report was informational and the Board took no action on the Interim Financial Statements.

2. Report of the Investment Committee

Mr. Yancey reported to the Board concerning the activities of the Investment Committee and Investment Performance for the quarter ending June 30, 2013.

Chair Shelton asked for questions or comments. Chair Shelton asked the Board to take action on the report by Mr. Yancey.

Board Action: Upon motion duly made by Mr. Harman, and seconded by Dr. Morgan, the Board voted unanimously to accept and ratify the report of the Investment Committee.

3. Report of the Insurance Committee

Ms. Gilbert reported the actions of the Insurance Committee at its meeting on September 6, 2013.

- Edumedics: The Committee voted to recommend to the full Board approval of a two-year pilot project for KTRS proposed by Edumedics at a cost of \$751,518.
- KEHP: The Committee voted to approve a medical insurance benefit supplement up to \$685.90 per month for those retirees fulfilling the necessary service requirements.
- MEHP: The Committee voted to approve the rate up to \$315 per month for the 2014 MEHP PPPM for those retirees fulfilling the necessary service requirements.
- Medicare High Performance Formulary: The Committee voted to approve moving to 50% co-insurance for third tier drugs for the Medicare high performance formulary.
- AON: The Committee voted to renew the contract with AON Hewitt Consulting in the amount of \$16,666.67 per month for the term July 1, 2013 through June 1, 2014.

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

4. Report on Legislative Matters

Mr. Barnes reported on the KTRS housekeeping legislation that will be proposed in the 2014 session of the Kentucky General Assembly. Mr. Barnes' report was informational and the Board took no action.

5. Report on GASB 67 and 68

Mr. Harbin reported on GASB Statements 67 and 68 and the effect of the new rules on KTRS, school districts, and the state.

Treasurer Hollenbach proposed that the Board consider filing a supplemental report in KTRS's Comprehensive Annual Financial Report (CAFR) concerning GASB 67 for the Fiscal Year ended June 30, 2013.

Board Action: Upon motion duly made by Treasurer Hollenbach, and seconded by Dr. Morgan, the Board voted unanimously to include a supplemental report in KTRS's CAFR concerning GASB 67 for the Fiscal Year ended June 30, 2013.

The Board recessed at 10:30 a.m. and resumed its meeting at 10:43 a.m.

6. Executive Secretary's Observations and Comments

Mr. Harbin reported on issues concerning administration of the retirement system. Included in his report was the recommendation to renew the contract with the communications consultant.

Board Action: Upon motion duly made by Mr. Gritton, and seconded by Mr. Harman, the Board voted unanimously to authorize staff to negotiate the renewal of the contract with the communications consultant on an hourly or retainer fee basis not to exceed \$60,000.

KTRS and Sagitec staff presented a demonstration of the new Pathway system and processes.

Adjournment: There being no further business to come before the Board of Trustees, and upon motion duly made by Treasurer Hollenbach, and seconded by Ms. Zimmerman, and by unanimous consent of the Board, Chair Shelton declared the meeting adjourned at 11:32 a.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 December 16, 2013.

Tom Shelton, 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 Kentucky Teachers' Retirement System at its meeting on September 16, 2013.

Felicia Penn
Recording Secretary