

**Kentucky Retirement Systems Board of Trustees
Special Called Annual Board Meeting
April 15, 2021, 10:00 a.m. EST
Live Video Conference/Facebook Live
AGENDA**

- | | |
|---|-----------------------------------|
| 1. Call to Order | Keith Peercy |
| 2. Roll Call | Alane Foley |
| 3. Public Comment | |
| 4. Approval of Minutes – April 1, 2021* | Keith Peercy |
| 5. Trustee Vacancies | Keith Peercy |
| 6. KRS Bylaws and Policies* | Kathy Rupinen, Carrie Bass |
| 7. Committee Assignments | Keith Peercy |
| 8. CEO and General Counsel Job Description Approval* | Victoria Hale |
| • Selection Process Discussion | |
| 9. KRS Update | David Eager |
| 10. Closed Session {Personnel KRS 61.810(1)(f)}* | Keith Peercy |
| 11. Adjourn | |

**Board Action May Be Required*

**MINUTES OF MEETING
BOARD OF TRUSTEES KENTUCKY RETIREMENT SYSTEMS
SPECIAL CALLED MEETING APRIL 1, 2021 AT 9:00A.M.
VIA LIVE VIDEO TELECONFERENCE DUE TO SB 150,
SIGNED INTO LAW BY THE GOVERNOR ON MARCH 30, 2020,
AND EXECUTIVE ORDER 2020-215 DECLARING A STATE OF EMERGENCY
EFFECTIVE MARCH 6, 2020 DUE TO COVID-19**

At the meeting of the Kentucky Retirement Systems Board of Trustees held on April 1, 2021 the following members were present: Keith Peercy (Chair), John Chilton, John Cheshire, Raymond Connell, Kelly Downard, Joseph Grossman, and Prewitt Lane. Staff members present were David Eager, Rebecca Adkins, Erin Surratt, Kathy Rupinen, Carrie Bass, Victoria Hale, Steven Herbert, Kristen Coffey, Shaun Case, Phillip Cook, and Alane Foley.

Mr. David Eager called the meeting to order.

Ms. Alane Foley called roll.

Mr. Eager introduced agenda item *Chair Election*. Mr. Cheshire nominated Mr. Peercy for Chair, the nomination was seconded by Mr. Grossman. With no further nominations, Mr. Cheshire made a motion and was seconded by Mr. Lane to confirm Mr. Peercy as the Chair of the Kentucky Retirement Systems Board of Trustees. The motion passed unanimously.

Mr. Peercy introduced agenda item *Vice-Chair Election*. Mr. Lane nominated Mr. Cheshire for Vice-Chair, the nomination was seconded by Mr. Grossman. With no further nominations, Mr. Downard made a motion and was seconded by Mr. Grossman to confirm Mr. Cheshire as the Vice-Chair of the Kentucky Retirement Systems Board of Trustees. The motion passed unanimously.

Mr. Peercy introduced agenda item *KPPA Appointments*. Mr. Peercy stated that 2 of these spots are automatic due to statute. Mr. Peercy as the Chair of the Kentucky Retirement Systems Board and Mr. Lane as the Chair of the Investment Committee. The other 2 must consist of an elected member and an appointed member. Mr. Connell and Mr. Cheshire both expressed interest in

serving on the KPPA Board and Mr. Peercy appointed them to serve as the elected and appointed members, respectively.

Mr. Peercy introduced agenda item *Ad-Hoc Planning Committee Report*. Mr. Peercy advised that the Ad-Hoc Planning Committee had discussions regarding the CEO and General Counsel job descriptions. Specifically, the General Counsel position may be a part-time position, especially in the beginning. The suggestion was to hire a law firm to be available if needed on an hourly basis. There was a lengthy discussion between internal staff and Board Members regarding this idea. Mr. Connell advised that someone with legislative background would be beneficial for the CEO position. Mr. Chilton requested that a CEO position description be drafted.

Staff were directed to draft job descriptions for the CEO and General Counsel positions. Mr. Peercy also discussed Board members having a single point of contact within KPPA when they are contacted by members and retirees with questions. The Board agrees this would streamline the process of assisting members and retirees.

Mr. Peercy introduced agenda item *Bylaws*. Ms. Kathy Rupinen provided details of the draft bylaws. Ms. Rupinen suggested that Hazardous Duty position requests, Financial Statements and Election Policy amendments be reported direct to the Kentucky Retirement Systems Board. Board members discussed and agreed. After discussion, The Board decided to remove the Independent Advisor role outlined in the Bylaws. Mr. Downard moved and was seconded by Mr. Grossman to remove Independent Advisor section from the Kentucky Retirement Systems Bylaws. The motion passed with majority vote; Mr. Cheshire, Mr. Downard, Mr. Lane, Mr. Grossman and Mr. Peercy voting yes with Mr. Connell and Mr. Chilton voting No.

There was a discussion surrounding the Board vacancy caused by Ms. Sherry Kremer's resignation, she was an elected member. Ms. Kristen Coffey advised that the vacancy has to be announced and applications accepted within 60 days and the vacancy must be filled within 90 days. The elected Trustees currently serving will decide Ms. Kremer's replacement.

Ms. Kathy Rupinen, internal staff and Board members discussed committees outlined in the Bylaws, specifically the Investment Committee and the number of Committee members. There will also be an addition to the Bylaws regarding the Disaster Recovery Plan.

Ms. Kathy Rupinen will take all discussions into consideration and make changes as suggested. She will report back to the Board at the next meeting.

Mr. Peercy introduced agenda item *Committee Assignments*. Mr. Peercy asked the Board members to communicate with him if they had a Committee preference. Mr. Lane will continue to serve as the Chair of the Investment Committee. Mr. Peercy will make all committee assignments and communicate those assignments as soon as possible.

Mr. Peercy introduced *Board & Committee Regular Meeting Schedule*. A proposed meeting schedule was provided. All meeting times will be at 10:00 a.m. unless otherwise stated.

Mr. Grossman made a motion and was seconded by Mr. Chilton to adjourn the meeting, to meet again on April 15, 2021 or upon the call of the Chair of the Board of Trustees. The motion passed unanimously.

Copies of all documents presented are incorporated as part of the Minutes of the Board of Trustees held April 1, 2021 except documents provided during a closed session conducted pursuant to the open meetings act and exempt under the open records act.

CERTIFICATION

I do certify that I was present at this meeting, and I have recorded the above actions of the Directors on the various items considered by it at this meeting. Further, I certify that all requirements of KRS 61.805-61.850 were met in conjunction with this meeting.

Recording Secretary

We, the Chair of the Board of Directors of the Kentucky Retirement Systems and Chief Administrative Officer of the Kentucky Retirement Systems, do certify that the Minutes of Meeting held on April 1, 2021 were approved on April 15, 2021.

Chair of the Board of Directors

Chief Administrative Officer

I have reviewed the Minutes of the April 1, 2021 Board of Trustees Meeting for content, form, and legality.

Executive Director
Office of Legal Services

**KENTUCKY RETIREMENT SYSTEMS
BOARD OF TRUSTEES**

STATEMENT OF BYLAWS AND COMMITTEE ORGANIZATION

[As Amended: _____]

Section 1.1 GENERAL ADMINISTRATION.

This Statement of Bylaws and Committee Organization of the Board of Trustees of the Kentucky Retirement Systems is adopted pursuant to the authority of KRS 61.645. State and Federal law shall control any inconsistency that exists or may exist between the law and this Statement of Bylaws and Committee Organization.

a. **Definitions.**

1. AAC: "AAC" refers to the Joint CERS and Kentucky Retirement Systems Administrative Appeals Committee.
2. Board: "The Board" refers to the Board of Trustees of the Kentucky Retirement Systems.
3. Board Year: The Board Year shall be from April 1 of each calendar year through March 31 of the following year.
4. Bylaws: "Bylaws" refers to the Statement of Bylaws and Committee Organization.
5. CEO: "CEO" refers to ~~the~~ Kentucky Retirement Systems' Chief Executive Officer, as outlined in KRS 61.645 (9).
6. CERS: refers to the County Employees Retirement System
- ~~5.1. Committee member: "Committee member" or "member" used in relation to a Committee refers to a member of the Board of Trustees of the Kentucky Retirement Systems serving its Standing or ad hoc Committees.~~
- ~~6. CEO: "CEO" refers to CERS Chief Executive Officer, as outlined in KRS 61.645 (9).~~
7. CIO: "CIO" refers to the KPPA Executive Director Office of Investments.
- ~~8. Committee member: "Committee member" or "member" used in relation to a Committee refers to a member of the Board of Trustees of the Kentucky Retirement Systems serving its Standing or ad hoc Committees.~~
- ~~9. DAC: "DAC" refers to the Joint County Employees Retirement System and Kentucky Retirement Systems' Disability Appeals Committee.~~
- ~~10. KPPA: "KPPA" refers to the Kentucky Public Pensions Authority.~~
- ~~11. KRS: "KRS" refers to the Kentucky Revised Statutes.~~
- ~~12. Member: "Member" or "members" used in relation to individuals participating in a system (or systems) administered by the Kentucky Retirement Systems refers to individuals who are active members (i.e., currently participating as an employee), inactive members (i.e., formerly participated as an employee,~~

Formatted: No underline

Formatted: Underline

Formatted: No underline

Formatted: Indent: Left: 0"

Formatted: Indent: Left: 0.25", First line: 0"

Formatted: Font: 12 pt

Formatted: Normal, Indent: Left: 0.5", No bullets or numbering

but is not currently participating as an employee, has not retired, and has not taken a refund), or retired.

123. **Retirement Office:** “Retirement Office” refers to the offices of the KPPA located at 1260 Louisville Road, Frankfort, Kentucky 40601.

134. **Take action on:** “Take action on” used in relation to the Board refers a motion being made, seconded, and voted upon by the Board in compliance with Robert’s Rules of Order. [RONR (11th ed., as amended)].

145. **Trustee:** “Trustee” refers to a member of the Board of Trustees of the Kentucky Retirement Systems.

b. **Quorum; Parliamentary Authority.**

1. **Board of Trustees:** As required by KRS 61.645(8)(c), a majority of the trustees shall constitute a quorum and all actions taken by the Board shall be by affirmative vote of a majority of the trustees present.

2. **Committees of the Board of Trustees:** ~~With the exception of the Investment Committee established under Section 2.2(d) of these Bylaws, a~~ majority of the trustees on any Committee of the Board appointed pursuant to Sections 2.1-2.5 of these Bylaws shall constitute a quorum of the Committee and all actions taken by the Committee shall be by affirmative vote of a majority of the Committee trustees present. ~~For the Investment Committee established under Section 2.2(d) of these Bylaws, the five (5) members of this Committee shall not constitute a quorum of the Board and shall not constitute a majority affirmative vote of the Board.~~

3. The most recent edition of Robert’s Rules of Order shall be the parliamentary authority [RONR (11th ed., as amended)], except that if any Committee of the Board is comprised of five (5) or more trustees, the Committee shall not ~~members of the Investment Committee established under Section 2.2(d) of these Bylaws shall not~~ constitute a quorum of the Board and the Board shall ~~still~~ be required to take action on all preliminary decisions made by the ~~Investment Committee, unless otherwise specified by these Bylaws.~~

c. **Meetings.** Meetings of the Board and its Committees shall be conducted consistent with the Open Meetings Act, KRS 61.805 to 61.850. The Open Meetings Act shall control if any inconsistency exists between the Open Meetings Act and these Bylaws.

d. **Annual Meeting.** The annual meeting of the Board shall be held on the third Thursday of April of each Board Year.

e. **Regular Meetings.** Regular meetings of the Board shall be held on the third Thursday of February and May, the second Thursday of September and November, and on the first Thursday of December.

f. **Special Meetings.**

1. Special meetings of the Board shall be held upon the call of the Chair of the Board or the CEO.

Commented [BC(1)]: Revised to provide quorum exception for IC.

Formatted: Strikethrough, Not Highlight

Formatted: Not Highlight

Formatted: Strikethrough, Not Highlight

Formatted: Not Highlight

2. Special meetings of a Standing or *ad hoc* Committee of the Board of Trustees shall be held upon the call of the Committee Chair or the CEO.
 3. A trustee may request that the CEO, Chair of the Board (in the case of a special meeting of the Board), or Committee Chair (in the case of a special meeting of a Committee) call a special meeting by email or other written means. Upon receipt of email or other written requests to call a special meeting from a majority of the trustees, the CEO, Board Chair, or Committee Chair shall call the requested special meeting.
- g. **Notice of Meetings.**
1. **Regular Meetings.** Notice of a regular meeting of the Board shall be posted at least ten (10) days (inclusive of weekends and holidays) before the meeting is scheduled. The notice of a regular meeting shall include the date, time, and location of the meeting, and the agenda for the meeting. The agenda shall be determined under the direction of and approval by the Chair of the Board. Changes or revisions to the agenda may be proposed by the ~~Executive Director~~CEO or a trustee; provided such proposal shall be delivered to the Chair for approval not less than ninety-six (96) hours before the meeting is scheduled; and further provided that nothing in this sentence shall deprive a trustee from introducing new items of business during a regular meeting. Approved changes or revisions to the agenda shall be posted not less than seventy-two (72) hours before the meeting is scheduled.
 2. **Special Meetings.** When circumstances warrant a special meeting of the Board or of a Committee, notice shall be posted as soon as reasonably possible, but not less than twenty-four (24) hours before the meeting is scheduled. The notice of a special meeting shall include the date, time, and location of the special meeting and the agenda for the meeting. Discussions and action at the meeting shall be limited to items listed on the agenda in the notice.
- h. **Change in Meeting Dates.** Any regular or special meeting of the Board may be changed by following the procedure prescribed in these Bylaws for calling special meetings.
- i. **Records of Proceedings.** All official acts of the Board shall be recorded in the minutes of the regular or special meeting at which the action was approved or adopted. The CEO shall cause the minutes to be transcribed and presented for approval or amendment at the next regular meeting. An electronic copy (certified by the Chair and the CEO) shall be on file in the Retirement Office for public inspection and posted on the KPPA website. Electronic copies are maintained on the KPPA Website for Board and Committee actions. Copies that have been archived from the website are available on request.
- j. **Chair and Vice-Chair of the Board.** The Board shall elect a Chair and a Vice-Chair at each annual meeting to hold office for the ensuing Board Year or until their successors are elected. The Chair shall not serve more than four (4) consecutive years as Chair or Vice-Chair (in combination) of the Board. The Vice-Chair shall not serve

more than four (4) consecutive years as Chair or Vice-Chair (in combination) of the Board. A trustee who has served four (4) consecutive years as Chair or Vice-Chair of the Board may be elected Chair or Vice-Chair of the Board after an absence of two (2) years from both positions.

- k. **Committees.** The Board may create Committees with such powers and duties as established by the Board. The Chair of the Board, unless otherwise stipulated or determined by the Board, shall appoint the members of each Standing or *ad hoc* Committee, and such appointments shall be recorded in the minutes of the current or next-following regular Board meeting. Committee members shall serve concurrently with the appointing Chair.
- l. **Conflicts of Interest.**
1. Trustees shall file a statement of financial disclosure with the Executive Branch Ethics Commission within thirty (30) days of taking office.
 2. Trustees shall also file a statement of financial disclosure by April 15 of each calendar year, and within thirty (30) days following departure from office as a trustee, or as otherwise provided by law.
 3. Trustees shall also file a written conflict of interest statement as required pursuant ~~to the~~ to the Kentucky Retirement Systems' Conflict of Interest Policy.
- m. **Confidentiality.** Trustees shall file a written confidentiality statement as required by the Kentucky Retirement Systems' Confidentiality Policy.
- n. **Travel Policy Guidelines.**
1. All travel for official business of Kentucky Retirement Systems must be done in accordance with the requirements of and be consistent with KRS Chapter 45A and the Kentucky Retirement Systems' Board of Trustees Per Diem and Reimbursement Policy.
 2. No more than four (4) trustees may be passengers in the same common carrier. A Maximum of one (1) executive staff of the Kentucky Retirement Systems may be ~~a~~ a passenger in the same common carrier.
 3. To avoid an accidental violation of Kentucky Open Meetings Laws, other than for scheduled meetings, no more than four (4) Trustees may attend the same off-site conference, training, etc., at the same time. The CEO, or his or her designee, shall review Trustee travel requests to coordinate attendance and avoid noncompliance with Kentucky Open Meetings Laws.
- o. **Election Policy Guidelines.** All elections for elected trustees of the Board must be conducted in accordance with the provisions of KRS 61.645, 105 KAR 1:445 and the Kentucky Retirement Systems' Board of Trustees Election Policy and Procedures adopted by the Board.
- p. **Violations of Board Policies and Guidelines.** If a complaint is made that a trustee violated these Bylaws or any policy approved by the Board, the Board shall follow the procedure found in the Conflict of Interest ~~and Confidentiality~~ Policy in investigating the complaint.

Section 1.2 BOARD RESPONSIBILITIES.

- a. The Board shall make and maintain Bylaws.
- b. The Board shall appoint a CEO and fix the CEO's salary.
- c. The Board shall appoint a General Counsel and fix the ~~CERS~~ General Counsel's compensation.
- d. The Board shall adopt a Personnel Management policy to outline the job descriptions, qualifications, education, and skills for both the CEO and the General Counsel. This policy should also describe recruitment strategies, performance evaluations, and succession planning for these two positions.
- e. The Board may act on contracts for rental of office space, and professional services, including, but not limited to, the auditor, and legal counsel in accordance with the requirements of the Commonwealth of Kentucky Model Procurement Act (KRS Chapter 45A).
- f. The Board shall consider and take action on changes to administrative regulations proposed by the staff of the Kentucky Retirement Systems or the KPPA.
- f. The Board shall take be responsible for its financial statements.
- g. The Board shall consider and take action on the recommendations of all of its Committees, except that:
 - 1. The AAC and DAC shall have the authority to act upon the recommendations and reports of the hearing officer on behalf of the Board in accordance with KRS Chapter 13B, and
 - 2. The Board's Investment Committee shall have the authority to act on behalf of the Board on all investment-related matters, though the Board shall be kept informed of all such actions.
- h. The Board shall work with an actuary, who shall be a Fellow of the Conference of Consulting Actuaries or a member of the American Academy of Actuaries. KPPA will select and contract with the actuary pursuant to KRS 61.645(2)(d) which allows the Board to carry out its obligations in accordance with KRS 61.670. The Board shall consider and act on the recommendations of its actuary.
- i. The Board shall adopt contribution rates toward medical insurance premiums.
- j. The Board shall provide oversight concerning programs and services for Kentucky Retirement Systems' members, beneficiaries, recipients, and participating employers.
- k. The Board shall select candidates for each trustee ballot as provided in KRS 61.645 and 105 KAR 1:445.
- l. The Board shall establish a formal trustee education program for all trustees of the Board, pursuant to the requirements of KRS 61.645(18) and 105 KAR 1:440, and ensure that CEO organizes process for this trustee education to occur.
- m. The Board, and individual trustees, should ordinarily refer all news media inquiries to the CEO and/or the Board Chair, and should not speak on behalf of the Board or Kentucky Retirement Systems with the news media. However, nothing in this

Commented [BC(2): This is a change from "take action on audited financial statements" to the Board having primary responsibility for financial statements. I just want to clarify that the Board actually wants this primary responsibility, and that this will not go to the joint Audit Committee first.

Commented [RK(3): Does the Board want Investment Committee decisions to be ratified by the Board or do they just want to inform the Board?

subsection is intended to prevent individual trustees from speaking to the media concerning their actions, opinions, and decisions as individual trustees.

- n. The Board shall review the Kentucky Retirement Systems’ biennial administrative budget and necessary budget amendments. The CEO (or designee) will schedule meetings, prepare budget documents and supporting schedules, and present them to Board members prior to the date of a meeting.
- o. The Board shall review and investigate the employees whose names have been certified by the applicable authority to meet the criteria of KRS 61.592 and 105 KAR 1:130 for hazardous duty, and also those employees who have been so certified who are not, or who no longer are, working in a hazardous duty position. The Board shall take action on all such employees in accordance with KRS 61.592 and 105 KAR 1:130.
- p. The Board shall review and take action on ~~KPPA the Joint Kentucky Retirement Systems KRS and CERSCERS~~ Audit Committee findings related to the administration of the Kentucky Retirement Systems and take action as is necessary to insure the administration of the Kentucky Retirement Systems in compliance with all applicable laws and policies.
- q. The Board shall collaborate with the KPPA on Business Continuity and Disaster Recovery to ensure that the Kentucky Retirement Systems’ records and operations are adequately protected and that critical business operations will continue efficiently. The Board may rely on policies and procedures developed by the KPPA to address Business Continuity and Disaster Recovery issues. The Board Chair shall act as temporary CEO in the event the CEO is not available to perform duties outlined in these Bylaws.

Formatted: Not Highlight

Formatted: Not Highlight

Commented [BC(4)]: New.

Section 1.3 CEO RESPONSIBILITIES.

- a. The CEO shall be responsible for working with the KPPA Executive Director to ensure compliance with Kentucky’s Open Records laws. The CEO shall be responsible for designating a records custodian for the Kentucky Retirement Systems and the Board.
- b. The CEO shall develop a biennial budget and necessary budget amendments for approval by the Board. The CEO will coordinate approved budget requests with the KPPA Executive Director to ensure that Kentucky Retirement Systems budget requests are integrated with the KPPA budget request for submission to the Governor’s office. The CEO (or designee) shall present a budget-to-actual expenditure analysis to the Board at each regular quarterly meeting of the Board.
- c. The CEO shall coordinate with the KPPA staff to ensure that information and record management is comprehensive and efficient, and shall ensure that a disaster recovery plan, continuity of operations plan, and policies to ensure cyber-security are developed and maintained.
- d. The CEO shall be responsible for implementing a formal trustee education program for all trustees of the Board, pursuant to the requirements of KRS 61.645(18).
- e. The CEO shall develop recommendations for improvements and revisions of Board policies and submit such revisions for Board approval. The CEO shall ensure that approved policies are implemented in conformance with statutes, regulations and Board policies.

Commented [BC(5)]: New.

- f. The CEO shall collaborate with the General Counsel and KPPA Legal staff to monitor litigation affecting Kentucky Retirement Systems' plans. The CEO and General Counsel shall report significant developments to the Board.
- g. The CEO shall act as legislative liaison, and represent the Board at legislative hearings and other legislative meetings. The CEO and General Counsel will review proposed legislation that is likely to affect the Kentucky Retirement Systems' plans or administrative management and advise the Board about pending legislation.
- h. The CEO shall provide technical assistance to the members of the General Assembly, Governor's office, and state and local government officials, as well as members, recipients, and beneficiaries of the Kentucky Retirement Systems.
- i. The CEO shall recommend legislative or regulatory changes and propose draft language.
- j. The CEO shall implement any statutory or regulatory changes and take appropriate action to conform to federal law. The CEO shall also collaborate with the KPPA Executive Director to monitor implementation of any changes designated as KPPA's responsibilities.
- k. The CEO shall sign all documents necessary to promulgate or amend an administrative regulation on behalf of the Board as the head of the Kentucky Retirement Systems in accordance with KRS 13A.220.
- l. The CEO shall communicate with the mass media and other agencies, entities or institutions, including responding to correspondence or inquiries addressed to the Board.
- m. The CEO shall coordinate reciprocal benefits with the other state administered retirement systems in Kentucky.
- n. In the case of emergency conditions that threaten the functioning of the Kentucky Retirement Systems, the preservation or protection Kentucky Retirement Systems' property or assets, vital data, or the health and safety of any person, and where a quorum of the Board is unavailable, the Executive Director may take actions necessary to prevent or mitigate the threat, even if a vote of the Board would otherwise be necessary to take such action. When a quorum of the Board becomes available, any such actions taken by the Executive Director shall be reviewed and ratified as necessary.

Commented [RK(6): Does the Board want the General Counsel listed in the bylaws? Are these duties the Board wants to specifically assign to a General Counsel?

Section 2.1 STANDING COMMITTEES.

The Board shall have the Standing Committees specified in Section 2.2, each of them to have the duties and responsibilities as therein set forth, together with such other duties and responsibilities as the Board may by resolution determine. In each Board Year, the Chair, elected at the annual meeting, shall appoint trustees to Committees as specified in Section 2.2, unless otherwise determined by the Board. Each Committee shall have a Chair and the Board Chair shall appoint the Chair of each Committee, unless otherwise determined by the Board. A Committee may (but is not required to) elect a Vice-Chair from among its Committee members by a majority vote of the Committee. A Vice-Chair so elected shall preside at meetings of the Committee in the absence or inability to act of the Committee Chair. Any trustee may attend any meeting of any Committee of which he or she is not a Committee member, but shall not have a vote.

Section 2.2 STANDING COMMITTEES; DUTIES AND RESPONSIBILITIES.

The Standing Committees of the Board are, and shall have respective duties and responsibilities, as follows:

- a. **Administrative Appeals Committee.** The Board shall collaborate with the CERS Board to develop a timely disability and administrative appeals process. The Board and the CERS Board will coordinate the Administrative Appeals process with two AAC between the two Boards. These AACs may be combined with the DACs, in compliance with KRS 61.645(16) and KRS 78.782(16). Consistent with the provisions of KRS Chapter 13B, the AACs shall meet in alternate months, as needed, to act in matters of administrative appeals. Each Committee shall consist of three (3) members; however, the members appointed to one Committee may also serve from time to time on the other Committee. One of the AAC shall consist of two (2) CERS Trustees and one (1) Kentucky Retirement Systems Trustee. The other AAC shall consist of one (1) CERS Trustee and two (2) Kentucky Retirement Systems Trustees. The Committees shall ensure that the laws governing Kentucky Retirement Systems are administered impartially and uniformly, and that the actions of the Kentucky Retirement Systems resulting in the appeal were correct and fair under the applicable statutes and regulations.
 1. **Committee Responsibilities.** In matters of administrative appeals, the Committee members shall consider the administrative record, including the recommended order and any exceptions filed in compliance with KRS 13B.120. The Committee shall act on behalf of the entire Board as the agency head in making a final order of the Board in accordance with KRS 13B.120. The Committee may adopt the hearing officer's recommended order; or it may reject or modify, in whole or in part, the recommended order; or it may remand the matter, in whole or in part, to the hearing officer for further proceedings as appropriate; or it may act on cases properly remanded by a court of competent jurisdiction. The Committee may also recommend legislative changes to improve the administration of the benefits. Any recommended legislative changes shall be referred to the CEO for study.
 2. **KPPA Executive Director Office of Benefits Responsibilities.** The ~~KPPA~~ Executive ~~Director~~ ~~KPPA~~ Office of Benefits or designated staff, in coordination with KPPA's Office of Legal Services staff, will coordinate meeting dates and

determine which cases will be reviewed. Designated staff will compile the administrative records and distribute the files to the Committee members prior to each meeting. Staff may provide legal or technical advice to the Committee.

- b. **Disability Appeals Committee.** The Board shall collaborate with the CERS Board to develop a timely disability and administrative appeals process. The Board and the CERS Board will coordinate the Disability Appeals process with two DAC between the two Boards. The DACs may be combined with the AACs, in compliance with KRS 61.645(16) and KRS 78.782(16). Consistent with the provisions of KRS Chapter 13B, the Committees shall meet in alternate months, as needed, to act in matters of disability appeals. Each Committee shall consist of three (3) members; however, the members appointed to one Committee may serve from time to time on the other Committee. One of the DAC shall consist of two (2) CERS Trustees and one (1) Kentucky Retirement Systems Trustee. The other DAC shall consist of one (1) CERS Trustee and two (2) Kentucky Retirement Systems Trustees. The Committees shall ensure that the disability retirement laws are administered impartially and uniformly, that all members of Kentucky Retirement Systems who apply for disability retirement benefits and qualify under the applicable statutes are approved for benefits and that the actions of the Kentucky Retirement Systems resulting in the appeal were correct and fair under the applicable statutes and regulations. -

- 1. **Committee Responsibilities.** In matters of disability appeals, the Committee members shall consider the administrative record, including the recommended order and any exceptions filed in compliance with KRS 13B.120. The Committee shall act on behalf of the entire Board as the agency head in making a final order of the Board in accordance with KRS 13B.120. The Committee may adopt the hearing officer's recommended order; or it may reject or modify, in whole or in part, the recommended order; or it may remand the matter, in whole or in part, to the hearing officer for further proceedings as appropriate; or it may act on cases properly remanded by a court of competent jurisdiction. The Committee may also recommend legislative changes to improve the administration of the benefits. Any recommended legislative changes shall be referred to the CEO for ~~for~~ study.

- 2. **KPPA Executive Director Office of Benefits Responsibilities.** The KPPA Executive Director, Office of Benefits, or designated staff, in coordination with KPPA Office of Legal Services staff, will coordinate meeting dates and determine which cases will be reviewed. Designated staff will compile the administrative records and distribute the files to the Committee members prior to each meeting. Staff may provide legal or technical advice to the Committee.

- d. **Investment Committee.** The Committee shall consist of five (5) members, as follows: (i) the three (3) trustees with investment experience appointed by the Governor pursuant to KRS 61.645(1)(c), (ii) one (1) trustee with retirement experience appointed by the Governor pursuant to KRS 61.645(1)(c) appointed by the Board Chair, and (iii) one (1) elected trustee pursuant to KRS 61.645(1)(a)-(b) appointed by the Board Chair.

- 1. **Committee Responsibilities.**

- A. The Investment Committee shall have authority to implement the investment policies adopted by the Board, including without limitation the Board's

Commented [BC(7)]: Revised.

~~Statement of Investment Policy~~Investment Policy Statement (pensions and health), and to act on behalf of the Board on all investment-related matters, and to acquire, sell, safeguard, monitor, and manage the assets and securities of the several funds.

- B. The Investment Committee will meet quarterly to review reports from investment staff, investment consultants, and investment managers with authority to convene additional meetings as circumstances require. The regular quarterly meetings shall be held on the first Tuesday of February and May, the fourth Tuesday of August, and the first Wednesday of November.
 - C. The Committee will monitor investment performance and management practices and make reports and recommendations to the Board. The Committee will approve the selection and termination of service providers. The Committee will evaluate whether the Investment Policy, the investment activities, and management controls and processes continue to be consistent with meeting the Kentucky Retirement Systems' goals, and perform other duties specified in the ~~Statement of Investment Policy~~Statement.
 - D. Actuarial Subcommittee.
 - 1. –The Chair of the Investment Committee shall appoint an Actuarial Subcommittee comprised of three (3) members, with the concurrence of the Board Chair as to each appointee, as follows: (i) ~~one (1) trustee appointed by the Governor pursuant to KRS 61.645(1)(c);~~ (ii) one (1) trustee elected by members of the Kentucky Employees Retirement System; (iii) one (1) trustee elected by members of the State Police Retirement System. The Investment Committee Chair shall appoint a Chair of the Actuarial Subcommittee. The Actuarial Subcommittee will meet as necessary upon call of the Chair of the Actuarial Subcommittee.
 - 2. Upon appointment, the Subcommittee will review and evaluate actuarial assumptions, funding methods and tables proposed by the actuary (including without limitation all economic, mortality, disability, etc. assumptions) for each system within Kentucky Retirement Systems that affect: (i) the annual determination of the actuarial valuation of assets and liabilities of the systems within the meaning of KRS 61.670; (ii) the factors that apply to amounts payable to members (e.g., early commencement, commutation, repayment, etc.); and (iii) the actuarially recommended contribution rate for employers required under KRS 61.510 to 61.692 and KRS 16.505 to 16.652, except as otherwise determined by law or regulation.
 - 3. The Subcommittee will report its findings and recommendations of each such review or evaluation to the Investment Committee. Upon review and approval, the Investment Committee shall forward the results and its recommendations to the Board for ratification.
 - E. The Investment Committee may also recommend legislative changes to the Board to improve the administration of investment-related matters.
2. **KPPA Executive Director Office of Investments Responsibilities.**

Commented [RK(8): Mr. Eager has also suggested adding a statement such as:
 The ED of the KPPA shall be responsible for KPPA executing all aspects of the KPPA duties including the management of the assets for KRS and CER in accordance with their Investment Policy Statements and their Funding Policies. The ED will coordinate with the CEO and the Chair of the Investment Committee of the KRS and the CEO and Chair of the Investment Committee of the CERS to insure they are able to fully satisfy their fiduciary responsibilities and monitor their assets by provided the required information and reports from the KPPA custodian and consultant(s) and access to and meeting with the employees of the KPPA investment department..

- A. KPPA Executive Director, Office of Investments, also known as the Chief Investment Officer (CIO), shall administer the assets of the Kentucky Retirement Systems consistent with the policies, guidelines, and limits established by the law, the Investment Committee and the ~~Statement of Investment Policy~~ Statement.
 - B. The CIO shall provide members of the Investment Committee with assessments of service providers and performance reports.
 - C. The CIO shall identify issues for consideration by the Investment Committee and prepare recommendations regarding those issues.
 - D. The CIO shall recommend changes to the Investment Committee regarding service providers, statutes, policies or guidelines, as needed, to maintain a productive relationship between the investment program and its goals.
 - E. The CIO shall communicate with the mass media and other agencies, entities, or institutions regarding investment related issues.
3. **Investment Policy.** The ~~“Statement of Investment Policy Statement”~~ “Statement of Investment Policy Statement” ~~“Pension Funds,”~~ the ~~“Statement of Investment Policy Statement: Insurance,”~~ and the “Investment Procurement Policy” are hereby incorporated by reference.
- e. **Joint Kentucky Retirement Systems and CERS Retiree Health Plan Committee.** The Committee shall consist ~~of a maximum of four (4) members~~ Trustees total, two (2) Trustees appointed from the CERS Board by the CERS Chair and two (2) Trustees appointed from the Kentucky Retirement Systems Board by the Kentucky Retirement Systems’ Chair. ~~The Committee shall elect a Chair and Vice Chair~~ and shall assist the Board in providing a group hospital and medical insurance plan for present and future recipients of a retirement allowance from the systems administered by Kentucky Retirement Systems as required by KRS 61.702.
1. **Committee Responsibilities.**
- A. The Committee will meet quarterly to review reports from KPPA staff and retiree health insurance consultants with authority to convene additional meetings, as circumstances require. The regular quarterly meetings shall be held on the second Tuesday of February and May, the first Thursday of September, and the second Tuesday of November.
 - B. The Committee will monitor retiree health insurance matters and make reports and recommendations to the Board. The Committee will evaluate retiree health insurance issues and obligations set forth in state and federal law. ~~–The Committee may, as deemed necessary, evaluate health insurance companies, health maintenance organizations, self-insurance proposals, and other ways of providing a group hospital and medical insurance plan for retired members as provided in KRS 61.702.~~
 - C. The Committee may negotiate and recommend appropriate contracts for execution by the Board, in accordance with the requirements of the Commonwealth of Kentucky Model Procurement Act (KRS 45A). The Committee may solicit reports and actuarial analyses in order to analyze issues

Formatted: Not Highlight

Formatted: Not Highlight

Commented [HV9]: If this is now a Joint Committee, these dates do not match the dates CERS approved for their RHP Committee meetings.

regarding retiree health insurance. The Committee may also recommend legislative changes to improve the administration of retiree health insurance related matters. Any recommended legislative changes shall be referred to the ~~Executive Director~~CEO for study.

2. **KPPA Executive Director Responsibilities.** The KPPA Executive Director and designated staff will maintain and provide the Committee with necessary information to execute its responsibilities. The KPPA Executive Director or designated staff will provide advice regarding state and federal laws and regulations. Staff will identify issues for consideration by the Committee and prepare recommendations regarding those issues.
- f. **Joint Kentucky Retirement Systems and CERS Audit Committee.** The Committee shall consist of four (4) Trustees total, two (2) Trustees appointed from the CERS Board by the CERS Chair and two (2) Trustees appointed from the Kentucky Retirement Systems Board by the Kentucky Retirement Systems' Chair and shall elect a Chair and Vice Chair. The Committee will act on behalf of the Board in fulfilling its oversight responsibilities for the system of internal control, the internal and external audit processes, and the process for monitoring compliance with laws, regulations and the code of conduct.
 1. **Committee Responsibilities.** The Committee will meet quarterly, with authority to convene additional meetings, as circumstances require. The regular quarterly meetings shall be held on the First Thursday of February and May, the fourth Thursday of August, and the first Thursday of November. The Committee shall have the authority to review reports by the Internal Auditor and to recommend appropriate policies and procedures. Additional responsibilities are enumerated in the Audit Committee Charter
 2. **Internal Auditor Responsibilities.** The KPPA Internal Auditor will be responsible for the planning, implementation, and reporting of audits and internal audit plans. The Internal Auditor will also be responsible for the functional control and audit activities in the relation to the objectives of the KPPA Division of Internal Audit. Additional responsibilities are enumerated in the KPPA Division of Internal Audit Charter.
 3. **Audit Charters** The Audit Committee Charter and the KPPA Division of Internal Audit Charter are hereby incorporated by reference.
- g. In addition to the duties and responsibilities described in this Section 2.2, each Standing Committee may develop appropriate additional policies and proposals to be ratified by the Board.

Section 2.3 DELEGATIONS OF AUTHORITY BY THE BOARD.

Delegation of Authority. Except as may be prohibited by or inconsistent with law, the Board may delegate to any Standing Committee of the Board any power, authority, duty, or responsibility conferred on the Board by law. In the case of any such delegation, the decision or action of the Committee within the scope of its delegated authority shall constitute the decision or action of the Board. The Board may at any time rescind the delegated authority as a whole or in part, except that a rescission of authority with respect

to quasi-judicial matters delegated to a Committee shall not operate to affect the proceedings or the final action of any such matter pending before the Committee when the Board acts to rescind. This exception is designed to preclude the Board from using its authority to rescind a delegation to interfere with the process or outcome of a quasi-judicial proceeding then in progress before a Committee which had properly commenced the proceeding within the scope of its authority.

Section 2.4 AD HOC COMMITTEES.

In addition to the Standing Committees specified in Section 2.2, the Chair or the Board may at any time establish an *ad hoc* Committee of the Board and fix its duties and responsibilities for any purpose which, in the judgment of the Chair or the Board, is better served by a temporary rather than Standing Committee. Each such Committee shall consist of such number of members as the Chair shall determine, and the Chair shall also then appoint the Chair and designate the other members of the Committee, unless otherwise determined by the Board.

Section 2.5 LIMITATIONS ON AUTHORITY.

No Committee shall have any power or authority, nor shall the Board delegate to itself, power or authority, as to any of the following:

- a. The amendment or repeal of any Board resolution.
- b. Action on other matters committed by Board resolution or by Kentucky law (including the common law of trusts respecting the delegation or the non-delegation of fiduciary responsibilities) to the Board under terms or provisions that make such action non-delegable.

Section 2.6 AMENDMENT OF BYLAWS.

These Bylaws may be amended at any regular meeting of the Board of Trustees by a vote of a majority of the entire membership of the Board.

MEMORANDUM

TO: Board of Trustees of the Kentucky Retirement Systems (“Board”)

FROM: Kathy Rupinen, Executive Director of the Office of Legal Services, Kentucky Public Pensions Authority (“KPPA”)

DATE: April 8, 2021

RE: Policies for Board following April 1, 2021

The Office of Legal Services has been tasked with summarizing the revised Board policies subsequent to the restructuring of the Board effective April 1, 2021. The following represents a list of each of the revised policies that the Office of Legal Services recommends that the Board adopt:

- I. Confidentiality Policy
- II. Conflict of Interest Policy
- III. Election Policy
- IV. Funding Policy
- V. Per Diem and Reimbursement Policy
- VI. Trustee Education Policy
- VII. Joint HIPAA Policy

Below are brief summaries of each policy and summaries of changes made to each policy compared with the policies of the Board prior to April 1, 2021.

I. Confidentiality Policy

The Confidentiality Policy defines information available to the trustees, CEO, General Counsel, and other contractors of the Board that must be kept confidential and safeguarded. This policy further establishes a Confidentiality Statement to be signed by Board trustees as well as a Confidentiality Agreement to be signed by all contractors, vendors, and service providers for Board or the KPPA on behalf of the Board who may be given access to confidential information. Finally, the Confidentiality Policy outlines the process for reporting, investigating, and responding to suspected breaches and disclosures of confidential information.

The Confidentiality Policy was previously combined with the Conflict of Interest Policy. The KPPA Office of Legal Services recommends separating these two policies in order to more fully detail the processes outlined in each policy.

II. Conflict of Interest Policy

The Conflict of Interest Policy outlines standards of conduct to avoid conflicts of interest and incorporates an Annual Statement Regarding Conflicts of Interest required for the Kentucky Retirement Systems’ Chief Executive Officer, the Kentucky Retirement Systems’ General Counsel,

trustees, and select KPPA staff. This policy also describes the process for reporting suspected conflicts of interest in violation of law and policy.

The Conflict of Interest Policy was previously combined with the Confidentiality Policy. The KPPA Office of Legal Services recommends separating these two policies in order to more fully detail the processes outlined in each policy.

III. Election Policy

The Election Policy fills in gaps left by Kentucky Revised Statutes 61.645 and 105 KAR 1:445 for the Kentucky Retirement Systems membership to elect trustees and for filling a vacancy in an elected trustee position. Specifically, this policy details the process for potential candidates to request nomination by the Board to appear on the ballots sent to the Kentucky Retirement Systems membership, the process for candidate nomination at a Board meeting, and the process for candidate nomination by petition of the Kentucky Retirement Systems membership. Finally, the Election Policy provides for the procurement of a contract vendor for election process.

The Election Policy has been slightly updated to reflect the existence of the KPPA and the Chief Executive Officer position for the Kentucky Retirement Systems. Additionally, the Election Policy may be updated to address required minimum voting for each elected trustee position to be filled (KPPA staff seek input from the Board on this issue). Lastly, the process for filling a vacancy in an elected trustee position on the Board has also been updated to reflect that only the remaining elected trustees on the Board will vote to appoint a candidate to fill the vacancy for the remainder of the term of the vacated trustee position, which is consistent with Kentucky Revised Statutes 61.645(5).

IV. Funding Policy

The Funding Policy outlines the Board's goals and strategies for financing the retirement systems (the Kentucky Employees Retirement System and the State Police Retirement System) and health insurance trust fund it administers, including the principal goal of achieving a funded ratio that is equal to or greater than one hundred percent (100%) for both retirement systems and the insurance trust fund.

The Funding Policy has been significantly updated to reflect the current statutory references for employer contributions and actuarial valuations. The County Employees Retirement System has decided not to adopt a Funding Policy because the funding mechanisms for the County Employees Retirement System are overwhelmingly spelled out in statute. Likewise, the draft of this Board's Funding Policy largely outlines what is already contained within the statutes governing the Kentucky Retirement Systems. However, it is nevertheless considered best practices for a public pension board to have a Funding Policy, regardless of how much of the Funding Policy is already covered by statute.

In the event that the Board does not wish to have any Funding Policy at all, the Board will need to vote to rescind the current Kentucky Retirement Systems Funding Policy, which was adopted by the Board on July 1, 2013.

V. Per Diem and Reimbursement Policy

The Per Diem and Reimbursement Policy outlines the process for pre-authorization to receive reimbursement and the process for receiving payment of per diem and reimbursement for official duties. The Per Diem and Reimbursement Policy also provides that per diem and/or reimbursement payments shall be made consistent with the Model Procurement Code as set forth in KRS Chapter 45A, 200 KAR 2:006, and the Executive Branch Code of Ethics as set forth in KRS Chapter 11A. Finally, the Per Diem and Reimbursement Policy incorporates the Commonwealth of Kentucky Finance and Administration Cabinet Travel Voucher form.

The Per Diem and Reimbursement Policy has been slightly updated to reflect the existence of the KPPA and the Chief Executive Officer position for the Kentucky Retirement Systems.

VI. Trustee Education Policy

The Trustee Education Policy details the New Trustee Orientation program (8 hours) and annual training requirements for trustees (12 hours, which can include 8 hours of New Trustee Orientation for those trustees in their first year). This Policy also provides guidance on approved educational activities, and incorporates a Certification of Completion form. Finally, the Trustee Education Policy establishes mandatory documentation of compliance with trustee education requirements.

The Trustee Education Policy was slightly revised for clarity and conciseness. Additionally, a section was added to address trustee education activities that may also count as continuing education for a trustee's personal accreditation.

VII. Joint HIPAA Policy

This Board currently has a HIPAA Policy that also serves as a touchstone for County Employees Retirement System and the KPPA. The Office of Legal Services, with the assistance of outside counsel, is in the process of creating a Joint HIPAA Policy for the Kentucky Retirement Systems, the County Employees Retirement System, and KPPA that complies with the latest federal guidance. The current KRS HIPAA Policy is 46-pages long. With updates, the joint HIPAA Policy is presently estimated to be twice as long. The project of creating the joint HIPAA Policy with the latest federal law updates will continue to be ongoing throughout the next several weeks.

**KENTUCKY RETIREMENT SYSTEMS
BOARD OF TRUSTEES
CONFIDENTIALITY POLICY**

Effective April ___, 2021

INTRODUCTION

Adoption of Confidentiality Policy:

In accordance with Kentucky Revised Statutes 61.645, the Board of Trustees (Board) of the Kentucky Retirement Systems (KRS) is authorized to adopt procedures necessary to conduct the business of the retirement systems as needed.

Statement of Confidentiality Policy:

Individuals associated with KRS must not release information about KRS or any of its members that would be in contravention to its statutory mandate, under Kentucky Revised Statutes 61.661, to administer member accounts in a confidential manner or would breach any duty to protect such information. KRS recognizes the need to establish procedures to prevent such breaches.

Additionally, individuals covered by this Confidentiality Policy (Policy) must keep matters discussed in closed session pursuant to Kentucky Revised Statutes 61.810 confidential. Individuals covered by this Policy must also avoid using “confidential information acquired during his or her tenure with [KRS] to further his or her own economic interests or that of another person” in accordance with Kentucky Revised Statutes 61.655(1)(f).

This Policy is intended to be applied concurrently with other KRS internal policies, internal policies of the Kentucky Public Pensions Authority (KPPA), and Board policies. State and federal law shall control if any inconsistency exists between the law and this Policy.

Purpose:

The purpose of this Policy is to: a) establish the individuals and organizations that are subject to this Policy; b) establish the specific standards of conduct with regard to confidentiality; c) establish confidentiality agreements required for certain individuals and organizations; and d) establish procedures for responding to a potential violation of the confidentiality provisions of this Policy and state and federal law.

PROCEDURES REGARDING CONFIDENTIALITY POLICY

Section 1: Application of Policy

1. This Policy shall apply to all individuals and organizations who have a statutory, contractual, or working relationship with KRS, including employees and contractors of KPPA.
2. Individuals and organizations affected by this Policy shall include, but are not limited to:
 - a. Employees of KRS;

- b. Members of the Board;
- c. Independent contractors of KRS;
- d. Vendors and service providers of KRS with whom a contractual obligation to KRS exists;
- e. Employees of the KPPA;
- f. Independent contractors of the KPPA; and
- g. Vendors and service providers of the KPPA with whom a contractual obligation to the KPPA exists.

Section 2: Standards of Conduct Regarding Confidentiality

1. Individuals and organizations associated with KRS may be granted access to confidential information in the course of employment, as a KRS Trustee, or within a contractual relationship with KRS.
2. This confidential information may include, but is not limited to, individual member information, including but not limited to, Social Security numbers, names, addresses, phone numbers, birth dates, beneficiaries, health insurance information, Personal Identification Numbers (PIN), as well as documents, records, programs, files, scientific or technical information, or other information made available to individuals for purposes of completing their obligations to KRS.
3. This confidential information also includes any matters discussed in closed session pursuant to Kentucky Revised Statutes 61.810.
4. Individuals and organizations associated with KRS have a duty to keep confidential the information to which they are granted access as a result of their association with KRS, and avoid using such information “acquired during his or her tenure with [KRS] to further his or her own economic interests or that of another person” in accordance with Kentucky Revised Statutes 61.655(1)(f).
5. KRS and these individuals and organizations shall also recognize that confidential information is protected under Kentucky Revised Statutes 61.661 and 61.931, et seq., as well as HIPAA (the Health Insurance Portability and Accountability Act), as amended by the HITECH Act (the Health Information Technology for Economic Clinical Health Act, Title XIII of the American Recovery and Reinvestment Act of 2009), which are addressed more specifically in a separate policy.

Section 3: Written Statements of Confidentiality

1. Confidentiality Statement (Trustees): Within sixty (60) days of being sworn in as a Trustee, each Trustee shall provide to the CEO or designee a completed Confidentiality Statement attesting that the Trustee has reviewed this Policy and is aware of his or her obligation to abide by the law and this Policy governing the confidentiality of certain information that will be available to the Trustee during the course of his or her service on the Board.

2. Confidentiality Agreement (Contractors; Vendors; Service Providers): Upon proposal for contract that requires the exchange or disclosure of confidential KRS information, the contractor, vendor, or service provider making the proposal shall file a written confidentiality agreement on a form provided by KRS and approved by the Board of Trustees. The confidentiality agreement may be amended to conform to specific needs of the proposed contract as well as the individual contractor, vendor, or service provider.
3. Confidentiality Agreement (Others): Other individuals or organizations covered by this Policy may also be requested to file a written confidentiality statement as needed or requested by the Board.

Section 4: Violations of Confidentiality Policy

1. Any person who suspects that any individual or organization covered by this Policy has violated this Policy, the Bylaws, any KRS policy, or state and federal law shall, as soon as possible, notify the KPPA Office of Legal Services, Division of Non-Advocacy, of the possible violation by emailing the Division of Non-Advocacy at Legal.Non-Advocacy@kyret.ky.gov, by leaving a voicemail at (502) 696-5501, or by mailing a written statement to the attention of the KPPA Division of Non-Advocacy, Office of Legal Services, at 1260 Louisville Road, Frankfort, Kentucky 40601.
2. Notifications of possible violations should include the name of the relevant person or organization and a detailed description of the alleged violation including the time, date, and place, if known. All evidence regarding the alleged violation should also be provided to the KPPA Office of Legal Services, Division of Non-Advocacy.
3. Individuals who contact the KPPA Office of Legal Services, Division of Non-Advocacy, are not guaranteed complete anonymity; however, individuals who are employees of KRS or KPPA filing a complaint may be protected by the Kentucky Whistleblower Statute, Kentucky Revised Statutes 61.102.
4. If the alleged violation of this Policy involves an employee of the KPPA and the KPPA Office of Legal Services, Division of Non-Advocacy, determines that a violation of this Policy, state law, federal law, and/or the KPPA's internal policies has occurred, then the following KPPA staff shall be notified of the violation, as appropriate:
 - a. Director of Internal Audit,
 - b. Select Executive Staff (the Executive Director, the Executive Director of the Office of Operations, the Executive Director of the Office of Benefits, and Executive Director of the Office of Legal Services),
 - c. Information Security Officer,
 - d. Security Incident Response Team, and/or
 - e. The employee's supervisors.
5. If the alleged violation of this Policy involves a contractor, vendor, or service provider of the KPPA and the KPPA Office of Legal Services, Division of Non-Advocacy, determines

that a violation of this Policy, state law, federal law, and/or the KPPA's internal policies has occurred, then the following KPPA staff shall be notified of the violation, as appropriate:

- a. Staff Assistant (Procurement) for the Office of Operations,
 - b. Select Executive Staff (the Executive Director, the Executive Director of the Office of Operations, the Executive Director of the Office of Benefits, and Executive Director of the Office of Legal Services),
 - c. Information Security Officer, and/or
 - d. Security Incident Response Team.
6. If the alleged violation of this Policy involves (i) a KRS Trustee, (ii) the KRS Chief Executive Officer, (iii) the KRS General Counsel, or (iv) a KRS contractor, vendor, or service provider, the following individuals shall be notified of the alleged violation and shall be kept apprised of the determination of whether the alleged violation in fact violates this Policy, state law, and/or federal law, as appropriate:
- a. The KRS CEO,
 - b. The Chair of the Board,
 - c. The KPPA Information Security Officer, and/or
 - d. The KPPA Security Incident Response Team.

Section 5: Required Actions Upon Disclosure of Confidential Information

1. If the disclosure of confidential information is a possible "security breach" of "personal information" as set forth in Kentucky Revised Statutes 61.931–61.934, then the provisions of these statutes, including notification and investigation as mandated by state law, shall be followed.
2. If the disclosure of confidential information implicate HIPAA and HITECH, then such disclosures shall be addressed in accordance with the Board HIPAA Privacy Use and Disclosure Procedures Policy, with notification, reporting, and further action as mandated by federal law.

CERTIFICATION

We, the Chair of the Board of Trustees, the Executive Director of Kentucky Retirement Systems, and the Executive Director of the Kentucky Public Pensions Authority do each hereby certify that this Kentucky Retirement Systems' Confidentiality Policy was amended and made effective by the Board of Trustees on the 1st day of April, 2021.

Chair of the Board of Trustees
Kentucky Retirement Systems

Date

Chief Executive Officer
Kentucky Retirement Systems

Date

Executive Director
Kentucky Public Pensions Authority

Date

DRAFT

**KENTUCKY RETIREMENT SYSTEMS
BOARD OF TRUSTEES
TRUSTEE CONFIDENTIALITY STATEMENT**

Adopted: _____

Instructions:

The Board of Trustees of the Kentucky Retirement Systems (Board) has adopted a Confidentiality Policy outlining the confidentiality of certain information Trustees will be provided while serving on the Board.

Pursuant to the Board's Confidentiality Policy, within sixty (60) days of being sworn in as a Trustee, each Trustee shall provide to the CEO or designee a completed copy of this Confidentiality Statement.

Please submit this Confidentiality Statement by e-mailing this completed document to: _____ Completed forms may also be faxed to: _____.

Statement:

I have read the Kentucky Retirement Systems Board of Trustees Confidentiality Policy made effective on _____. I acknowledge my obligation under state and federal law to maintain the confidentiality of:

1. All member account information pursuant to Kentucky Revised Statutes 61.661, 78.545(25) and 61.931, et seq.;
2. Protected health information pursuant to HIPAA (the Health Insurance Portability and Accountability Act), as amended by the HITECH Act (the Health Information Technology for Economic Clinical Health Act, Title XIII of the American Recovery and Reinvestment Act of 2009);
3. Closed session discussions pursuant to Kentucky Revised Statutes 61.810; and
4. Information acquired during my tenure as a Trustee, which cannot be used to further my own economic interests or that of another person in accordance with Kentucky Revised Statutes 61.655(1)(f) and 78.545.

Certification:

Signature

(For email submissions, sign “/s/ First Last.”)

Date

CONFIDENTIALITY AGREEMENT
Kentucky Retirement Systems

Effective this 1st day of April, 2021, the Kentucky Retirement Systems ("KRS") and Vendor full name goes here ("CONTRACTOR"), agree as follows:

1. This Confidentiality Agreement outlines the responsibility of the CONTRACTOR regarding the confidential nature of access to KRS resources.
2. CONTRACTOR may be interested in obtaining information related to a particular area of KRS operations, in order to respond to one or more requests for proposal from KRS. All such information, including, but not limited to, specifications, technical descriptions, expertise, information relating to techniques and processes, product or services information, information regarding any inventions, discoveries, developments, methods, trade secrets, software, databases, or innovations developed by or for KRS, and information which is used in KRS business and is proprietary to, about, or created by KRS, including but not limited to financial and other business or market information, member information, personnel information, and other technical and business data, records and information, including but not limited to information and tangible items relating thereto (whether in tangible, verbal, written, or electronic form) is collectively referred to herein as the "Information."
3. KRS may, in KRS' own discretion, provide to CONTRACTOR access to that portion of the Information which may be useful to CONTRACTOR for the sole purpose of reviewing the Information and drafting proposals in response to any request for proposal from KRS.
4. Should a contract be awarded, CONTRACTOR shall be granted appropriate access to KRS' documents, records, programs, files, and any pertinent data resource needed to fulfill its contractual agreement or to complete the services requested by KRS. This access shall include confidential information only as KRS deems necessary. The CONTRACTOR shall maintain confidentiality and data integrity of said documents, records, programs, and data resources.
5. Confidential Information, for purposes of this agreement, includes, but is not limited to, Social Security numbers, names, addresses, phone numbers, member IDs, birth dates, and Personal Identification Numbers (PINs). Confidential Information does not include information that (a) is or becomes generally available to the public other than as a result of disclosure by KRS, (b) was available to the CONTRACTOR on a non-confidential basis prior to its disclosure by KRS, (c) becomes available to the CONTRACTOR on a non-confidential basis from a source other than KRS, or (d) has been or is independently developed by the CONTRACTOR.
6. CONTRACTOR acknowledges that information regarding KRS' current, former, and retired members is confidential pursuant to Kentucky Revised Statute 61.661 and under no circumstances shall CONTRACTOR use, disclose, or permit third party access to any information regarding KRS current, former, and retired members.
7. CONTRACTOR acknowledges that personal information must be safeguarded pursuant to Kentucky Revised Statute 61.931, et seq. Personal information is defined as "an individual's first name or first initial and last name; personal mark; or unique biometric or genetic print or image, in combination with one (1) or more of the following data elements: (a) An account number, credit card number, or debit card number that, in combination with any required security code, access code, or password, would permit access to an account; (b) A Social Security number; (c) A

taxpayer identification number that incorporates a Social Security number; (d) A driver's license number, state identification card number, or other individual identification number issued by any agency; (e) A passport number or other identification number issued by the United States government; or (f) Individually identifiable health information as defined in 45 C.F.R. sec. 160.103, except for education records covered by the Family Educational Rights and Privacy Act, as amended, 20 U.S.C. sec. 1232g[.]”

8. CONTRACTOR shall not use any Information, except for the purposes for which CONTRACTOR is contracting, and shall not disclose to any third party such Information unless CONTRACTOR receives the prior written approval of the CEO of KRS.

9. CONTRACTOR shall hold in trust and maintain as confidential all Information which has been or may hereafter be made available to CONTRACTOR, directly or indirectly, by KRS. The Information may not be copied by CONTRACTOR during the proposal process. After a contract is awarded, the CONTRACTOR to whom the contract is awarded may make copies of the information as needed with KRS' permission.

10. This Agreement is not assignable by CONTRACTOR.

11. CONTRACTOR agrees that all developments made and works created by them, or under their direction in connection with KRS' contractual agreement shall be the sole and complete property of KRS and all copyrights and other proprietary interest therein shall belong to KRS. CONTRACTOR agrees not to attempt to reverse engineer and agrees to assign all patent rights to any invention CONTRACTOR may make as a result of CONTRACTOR's receipt of the Information to KRS.

12. Upon request from KRS, and in any event, upon the rejection of the proposal of the CONTRACTOR or the termination of the contract, CONTRACTOR shall return to KRS the Information and all other written information, documentation, memoranda, records, models, drawings, photos, data, samples, notes, computer programs, and any other documents (manual or electronic) pertaining to KRS and the like which CONTRACTOR may have received relating to the Information and all copies of the same or any portions thereof. Title to all tangible objects containing any of the Information shall belong to KRS.

13. CONTRACTOR shall remove confidential information from their computer systems when work processes on behalf of KRS are completed. Additionally, all drive space and media shall either be protected in an encrypted manner and/or wiped using an approved industry standard to ensure that the confidential data is not able to be recovered from the media. CONTRACTOR shall certify to KRS in writing that the removal has been completed.

14. Violations of this Agreement will result in immediate termination of the CONTRACTOR. CONTRACTOR shall indemnify KRS for any and all damages or judgments resulting from a violation of this Agreement.

15. This agreement constitutes the entire understanding between the parties related to the confidentiality of Information. No amendment or modification of this Agreement will be valid unless in writing and signed by both parties.

16. A waiver of a breach of this Agreement shall not constitute a waiver as to any further breach or other breach. This Agreement shall be interpreted according to the laws of the Commonwealth of

Kentucky, without regard to choice of law provisions. All disputes arising hereunder shall be litigated in the Franklin Circuit Court, situated in Franklin County, Kentucky, and CONTRACTOR hereby consents to jurisdiction and venue therein and hereby waives any right to object to jurisdiction or venue.

THE PARTIES ACKNOWLEDGE THAT THEY HAVE READ, UNDERSTOOD AND AGREED TO THE TERMS AND RESTRICTIONS OF THIS AGREEMENT.

KENTUCKY RETIREMENT SYSTEMS

CONTRACTOR NAME HERE

Signature

Signature

Printed Name

Printed Name

Title

Title

Date

Date

DRAFT

**KENTUCKY RETIREMENT SYSTEMS
BOARD OF TRUSTEES
CONFLICT OF INTEREST POLICY**

Effective April __, 2021

INTRODUCTION

Adoption of Conflict of Interest Policy:

In accordance with Kentucky Revised Statutes (KRS) 61.645, the Board of Trustees (Board) of the Kentucky Retirement Systems is authorized to adopt procedures necessary to conduct the business of the retirement systems as needed.

Statement of Conflict of Interest Policy:

Pursuant to KRS 61.650, KRS 61.655, and other relevant state and federal law, the Trustees of the Board of the Kentucky Retirement Systems, employees of the Kentucky Retirement Systems, employees of the Kentucky Public Pensions Authority (KPPA) working on behalf of Kentucky Retirement Systems, or other fiduciaries shall discharge duties with respect to the retirement systems administered by the Kentucky Retirement Systems solely in the interest of the members and beneficiaries, and for the exclusive purpose of providing benefits to members and beneficiaries and paying reasonable expenses of administering the systems. Furthermore, no Kentucky Retirement Systems Trustee, employee of Kentucky Retirement Systems, or employee of KPPA working on behalf of Kentucky Retirement Systems shall have any interest, direct or indirect, in the gains or profits of any investment or any other legal, business, or financial transaction made by the Board. The law shall control if any inconsistency exists between the law and this policy.

Purpose:

The purpose of this Conflict of Interest Policy (“Policy”) is to: a) establish which individuals are subject to conflict of interest provisions of the Kentucky Retirement Systems’ statutes; and b) establish the specific standards of conduct with regard to conflict of interest.

PROCEDURES REGARDING CONFLICTS OF INTEREST POLICY

Section 1: Application of Policy

1. This Policy shall apply to all individuals who have a statutory, contractual, or working relationship with the Kentucky Retirement Systems.
2. Individuals affected by this Policy shall include, but are not limited to:
 - a. Employees of the Kentucky Retirement Systems;
 - b. Members of the Board of Trustees of the Kentucky Retirement Systems;
 - c. Independent contractors of the Kentucky Retirement Systems, if required by the Board;

- d. Vendors and service providers of Kentucky Retirement Systems with whom a contractual obligation to Kentucky Retirement Systems exists, if required by the Board;
- e. Employees of the KPPA providing services to Kentucky Retirement Systems;
- f. Independent contractors of the KPPA, if required by the Board; and
- g. Vendors and service providers of the KPPA with whom a contractual obligation to the KPPA exists, if required by the Board.

Section 2: Standards of Conduct Regarding Conflicts of Interest

1. Individuals have an obligation to diligently identify, disclose, avoid and manage conflicts of interest or potential conflicts of interest.
2. Potential conflicts of interest exist when an individual or an individual's family, as defined in KRS Chapter 11A.010¹, may be directly or indirectly financially impacted, whether favorably or detrimentally, by a decision made or considered by Kentucky Retirement Systems or the KPPA on behalf of the Kentucky Retirement Systems in which the individual participates or would participate.
3. Individuals and their family members should not enter into any contract with Kentucky Retirement Systems, with the KPPA on behalf of the Kentucky Retirement Systems, or any organization doing business with Kentucky Retirement Systems, for financial gain, apart from an employment contract, without full disclosure and satisfactory management of any potential conflict of interest in accordance with the Executive Branch Code of Ethics provisions, as set forth in KRS Chapter 11A.
4. Individuals should not be involved in the decision to hire or in the supervision of any member of their family as defined in KRS 11A.010.
5. Individuals shall not conduct business or participate in decisions with a company or organization in which the individual or family member as defined in KRS 11A.010 is employed or is actively seeking employment.
6. Individuals shall not accept gifts, loans, gratuities, discounts, favors, hospitality, services, or other compensation under circumstances from which it could reasonably be inferred that a major purpose of the donor is to influence the individual in the performance of their duties.
7. Individuals must avoid all conduct, which in any way might lead the public to believe that the individual is using his or her position with Kentucky Retirement Systems to further a professional or private interest.

¹ KRS 11A.010(4) defines "family" as "spouse and children, as well as a person who is related to a public servant as any of the following, whether by blood or adoption: parent, brother, sister, grandparent, grandchild, father-in-law, mother-in-law, brother-in-law, sister-in-law, son-in-law, daughter-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half brother, half sister[.]"

8. Individuals not covered by the conflict of interest provisions under KRS Chapter 11A must not violate any conflict of interest statute or principle by the performance of their duties with Kentucky Retirement Systems. These individuals must not engage directly or indirectly in any financial or other transaction with a Kentucky Retirement Systems Trustee, employee of Kentucky Retirement Systems, or KPPA employee that would violate the standards of the Executive Branch Ethics provisions, as set forth in KRS Chapter 11A.

Section 3: Written Statements of Conflict of Interest

1. Board Conflict of Interest Statement (Kentucky Retirement Systems Trustees, Kentucky Retirement Systems employees, and KPPA employees performing duties for Kentucky Retirement Systems):
 - a. No later than December 1st of each calendar year, a blank Conflict of Interest Statement form approved by the Board shall be provided by the Kentucky Retirement Systems Chief Executive Officer, or designee, to all of the following individuals:
 - i. Kentucky Retirement Systems Chief Executive Officer,
 - ii. Kentucky Retirement Systems General Counsel,
 - iii. The KPPA Executive Director,
 - iv. The KPPA Executive Director of the Office of Investments,
 - v. The KPPA Executive Director of the Office of Operations,
 - vi. The KPPA Executive Director of the Office of Benefits,
 - vii. The KPPA Executive Director of the Office of Legal Services,
 - viii. All employees of the KPPA Office of Investments, and
 - ix. All KPPA Division Directors.
 - b. A blank Conflict of Interest Statement form approved by the Board shall be provided to all Kentucky Retirement Systems Trustees along with the materials for the December regular meeting of the Board by the Kentucky Retirement Systems Chief Executive Officer, or designee.
 - c. Completed Conflict of Interest Statement forms must be completed and turned in, no later than December 31st of each calendar year, to the following designated individuals:
 - i. The Kentucky Retirement Systems Chief Executive Officer shall collect all completed forms from the Kentucky Retirement Systems Board,
 - ii. The KPPA Executive Director or designee shall collect all forms from the Kentucky Retirement Systems and KPPA staff and shall notify the Chair of the Board of Kentucky Retirement Systems if Kentucky Retirement Systems Chief Executive Officer or Kentucky Retirement Systems General Counsel fail to file a completed form. These forms shall be retained in the

personnel files for each employee maintain by the KPPA Office of Human Resources.

- d. If the Kentucky Retirement Systems Chief Executive Officer or Kentucky Retirement Systems General Counsel fails to file a completed Conflict of Interest Statement on the form approved by the Board on or prior to December 31st of a calendar year, the Chair of the Board shall be responsible for bringing this to the attention of the Board to decide the appropriate course of action for reprimanding the Chief Executive Officer or General Counsel.
- e. If any Kentucky Retirement Systems Trustee fails to file a completed Conflict of Interest Statement on the form approved by the Board on or prior to December 31st of a calendar year, the Kentucky Retirement Systems Chief Executive Officer is authorized to decline to pay any per diems and travel expenses due to the Trustee until the Trustee has filed a completed Conflict of Interest Statement on the form approved by the Board with Kentucky Retirement Systems Chief Executive Officer. The Trustee will forfeit all per diems and travel expense reimbursements due to the Trustee for the period during which the Trustee had failed to timely file a completed Conflict of Interest Statement.
- f. If the KPPA Executive Director fails to file a completed Conflict of Interest Statement on the form approved by the Board on or prior to December 31st of a calendar year, the matter shall be referred to the KPPA Board to decide the appropriate course of action for reprimanding the Executive Director.
- g. If any of the following KPPA employees fail to file a completed Conflict of Interest Statement on the form approved by the Board on or prior to December 31st of a calendar year, the supervisor of the employee shall file a written reprimand to be stored in the personnel file of the employee:
 - i. The KPPA Executive Director of the Office of Investments,
 - ii. The KPPA Executive Director of the Office of Operations,
 - iii. The KPPA Executive Director of the Office of Benefits,
 - iv. The KPPA Executive Director of the Office of Legal Services,
 - v. All employees of the KPPA Office of Investments, and
 - vi. All KPPA Division Directors.

2. Executive Branch Ethics Commission Statements of Financial Disclosure:

- a. As frequently as required by KRS 11A.050 and 9 KAR 1:010, all Kentucky Retirement Systems and KPPA “officers” as defined in KRS 11A.010(7), including, but not limited to, the following individuals, shall be required to file

completed Statements of Financial Disclosure with the Executive Branch Ethics Commission:

- i. Kentucky Retirement Systems Chief Executive Officer,
 - ii. Kentucky Retirement Systems General Counsel,
 - iii. All Kentucky Retirement Systems Trustees,
 - iv. The KPPA Executive Director,
 - v. The KPPA Executive Director of the Office of Investments,
 - vi. The KPPA Executive Director of the Office of Operations,
 - vii. The KPPA Executive Director of the Office of Benefits,
 - viii. The KPPA Executive Director of the Office of Legal Services, and
 - ix. All KPPA Division Directors.
 - b. Questions regarding the Executive Branch Ethics Commission Statements of Financial Disclosure shall be directed to the KPPA Ethics Compliance Officer.
 - c. Failure to file completed Statements of Financial Disclosure with the Executive Branch Ethics Commission may result in penalties under the Executive Branch Code of Ethics as determined by the Executive Branch Ethics Commission.
3. Board Conflict of Interest Statement (Others): The Board may request that other individuals, including, but not limited to, independent contractors of Kentucky Retirement Systems, vendors and service providers of Kentucky Retirement Systems with whom a contractual obligation to Kentucky Retirement Systems exists, independent contractors of KPPA providing services to Kentucky Retirement Systems, vendors and service providers of KPPA with whom a contractual obligation to KPPA exists (providing services or products to Kentucky Retirement Systems via KPPA), file a completed Conflict of Interest Statement on the form approved by the Board.

Section 4: Violations of Conflict of Interest Policy

1. Any person who suspects that a Kentucky Retirement Systems employee, a Kentucky Retirement Systems Trustee, a KPPA employee, or a Kentucky Retirement Systems or KPPA contractor, vendor, or service provider has violated this Policy, the Board's Bylaws, or any Board policy, may file a complaint in writing at the offices of the KPPA.
2. The written complaint shall be in the form of a letter addressed to the Chair of the Kentucky Retirement Systems Board, or if the complaint is about the Chair of Board, the complaint shall be addressed to the Vice Chair of the Board. A complaint may be filed anonymously. Employees of Kentucky Retirement Systems or KPPA filing a complaint may be protected by the Kentucky Whistleblower Statute, Kentucky Revised Statutes 61.102.
3. A complaint shall include the name of the person or organization against whom the complaint is made and include a detailed description of the alleged violation including the

time, date, and place, if known. The complainant should attach to the complaint all evidence in his or her possession regarding the alleged violation.

4. If the complaint is against an employee of the KPPA (other than the KPPA Executive Director), the complaint shall be forwarded to the Kentucky Retirement Systems Chief Executive Officer (or delegate) and the KPPA Executive Director (or delegate) for investigation, or in the discretion of the Chief Executive Officer (or delegate) and the KPPA Executive Director (or delegate) may be referred to the Executive Branch Ethics Commission. If the alleged violation is found to be true by the Kentucky Retirement Systems Chief Executive Officer (or delegate) and the KPPA Executive Director (or delegate), the employee shall be disciplined in accordance with procedures established by the Personnel Cabinet.
5. If the complaint is against a contractor, vendor, or service provider of Kentucky Retirement Systems or of the KPPA, the complaint shall be forwarded to the Kentucky Retirement Systems Chief Executive Officer for investigation. If the alleged violation is found to be true, any action taken shall be consistent with the contract between Kentucky Retirement Systems and the contractor, vendor, or service provider, or between the KPPA and the contractor, vendor, or service provider.
6. If the complaint is against the KPPA Executive Director, the complaint shall be referred to the KPPA Board to decide the appropriate course of action.
7. If the complaint is against (i) a Kentucky Retirement Systems Trustee, (ii) the Kentucky Retirement Systems Chief Executive Officer, or (iii) the Kentucky Retirement Systems General Counsel, the Chair or, if the complaint is against the Chair, the Vice Chair shall, in consultation with the Trustees not implicated in the complaint:
 - a. Appoint an *ad hoc* special committee (“Special Committee”) in accordance with the Board Bylaws, to investigate the complaint and report its conclusions and recommendations to the rest of the Board, or
 - b. If the complaint alleges a violation of the Executive Branch Code of Ethics (Kentucky Revised Statutes Chapter 11A), refer the complaint to the Executive Branch Ethics Commission (KRS 11A.060), the Kentucky Attorney General or other appropriate entity.
8. Upon appointment of a Special Committee in accordance with number seven (7) above, the Chair of the Board shall appoint a Chair of the Special Committee and designate other Kentucky Retirement Systems Trustees (which shall be not less than three (3) nor more than four (4) Trustees, including the Chair of the Special Committee).
 - a. The Chair of the Special Committee shall forward the complaint to the person against whom the complaint is made. The person may file a written response to the

complaint, which should include all evidence in his or her possession regarding the alleged violation.

- b. The Special Committee shall determine how the investigation of the complaint is to proceed; provided that the investigation and any information gathered in the course of investigation shall be conducted and maintained on a confidential basis.
- c. The Special Committee may request the KPPA Executive Director assign staff of the KPPA to investigate the alleged violation or may engage a third party to investigate the alleged violation.
- d. Information obtained during the investigation shall be deemed confidential if it is not subject to public disclosure pursuant to the Kentucky Open Records Act, Kentucky Revised Statutes 61.872 to 61.884, at the time of its disclosure or use.
- e. If the result of the investigation indicates that the facts are not sufficient to constitute a violation of this (or other applicable) Policy or Bylaws, the Special Committee shall immediately terminate the investigation and report its determination and recommendations to the Board. If the Board decides to take no action, the Special Committee shall prepare an explanation of the decisions to take no action and shall maintain a copy of the complaint and the explanation in a confidential file. A copy of the explanation shall be sent to the person against whom the allegations were made and no further disclosure shall be made.
- f. If the results of the investigation indicate that there is cause to believe that a violation of this (or other applicable) Policy has occurred, the Special Committee shall report its determination to the Board for its consideration at the next regular or special Board meeting.
 - i. The Board's discussion of the allegations and the report of the Special Committee, including any proposed disciplinary action, shall be conducted in closed session pursuant to KRS 61.810(f).
 - ii. The Board's decision regarding disciplinary action shall be made in open session as required by KRS 61.815(1)(c).
 - 1. The Board's determination that disciplinary action imposed on the Chief Executive Officer or General Counsel for violation of this (or any applicable) Policy shall require a vote of two-thirds (2/3) of the total Trustees serving on the Board.
 - 2. The Board's determination that a Kentucky Retirement Systems Trustee violated this (or other applicable) Policy shall require a vote

of two-thirds (2/3) of the remaining Trustees who are not alleged to be in violation of this (or other applicable) Policy. If there are not sufficient Trustees present at a meeting, the Chair may pass the matter to the next regular or special meeting of the Board.

9. If the Board finds that the Chief Executive Officer or General Counsel has violated this (or other applicable) Policy, the Board may impose one of the following disciplinary actions:
 - a. Verbal reprimand;
 - b. Written reprimand, which will be added to the minutes and placed in the personnel file of the Chief Executive Officer or General Counsel.
 - c. Suspension without pay for a period of time; or
 - d. Termination of employment.

The Chief Executive Officer or General Counsel shall not have the right to appeal any disciplinary action imposed under paragraphs seven (7) and eight (8) above and this paragraph.

10. If a Board finds that one of its Trustee has violated this (or other applicable) Policy, the remaining Trustees who are not alleged to be in violation of this (or other applicable) Policy may impose any or all of the following disciplinary actions:
 - a. Remove the Trustee from any or all Board committees to which the Trustee is assigned;
 - b. Verbal public reprimand; and/or
 - c. Written public reprimand.

11. If the Board becomes aware of violations of its Conflict of Interest Policy, no provision of this (or other applicable) Policy shall be interpreted to limit the Board's remedies provided pursuant to the terms of an applicable contract, and by state or federal law.

GENERAL STATEMENT CONCERNING EXECUTIVE BRANCH ETHICS

Individuals as set forth above shall conform to the Executive Branch Code of Ethics with regard to conflicts of interest as set forth in KRS Chapter 11A.

CERTIFICATION

We, the Chair of the Board of Trustees of the Kentucky Retirement Systems, the Chief Executive Officer of the Kentucky Retirement Systems, and the Executive Director of the Kentucky Public Pensions Authority do hereby certify that this Conflict of Interest Policy was made effective by the Board of Trustees of the Kentucky Retirement Systems on the ____ day of _____, 20__.

Chair of the Board of Trustees
Kentucky Retirement Systems

Date

Chief Executive Officer
Kentucky Retirement Systems

Date

Executive Director
Kentucky Public Pensions Authority

Date

DRAFT

**KENTUCKY RETIREMENT SYSTEMS
INTERNAL CONFLICT OF INTEREST STATEMENT**

I, _____ in my position as _____ at the Kentucky Retirement Systems (“KRS”), recognize the need to maintain the public’s confidence and trust in the integrity of KRS, the Kentucky Public Pensions Authority (“KPPA”), and the Commonwealth of Kentucky.

I understand that I have the obligation to diligently identify, disclose, avoid and manage conflicts of interest that may arise through my relationship with KRS.

I will conduct my activities with KRS so that I do not advance or protect my own interests or the private interests of others with whom I have a relationship, in a way that is detrimental to the interests of KRS.

In every instance in which I am acting on behalf of KRS, I will conduct my activities in a manner to best promote the interests of KRS.

I agree not to attempt to influence KRS in disregard of the interest of its members and beneficiaries.

In all matters where an official decision must be made that may favorably or detrimentally impact my own financial interests or the financial interests of others with whom I have a relationship, I will reveal that relationship and abstain from involvement in the official decision.

When a conflict of interest arises, or when a potential conflict of interest arises, I will disclose that conflict or potential conflict to my supervisor or contact person at KRS and seek resolution of that issue.

I understand that, pursuant to the KRS Conflict of Interest policy, I am subject to the conflict of interest provisions of the Executive Branch Code of Ethics as set forth in Kentucky Revised Statutes Chapter 11A, and I agree to conform thereto.

To: Executive Director
Executive Director Office of Investments
Executive Director Office of Operations
Executive Director Office of Benefits
Executive Director Office of Legal Services
Executive Advisor
All Employees of Division of Investments and Investment Operations
General Counsel(s)
All Division Directors
All Trustees of the Board of Trustees

Kentucky Retirement Systems
Internal Conflict of Interest Statement
Page 2

CONFLICT OF INTEREST QUESTIONNAIRE

Have you, or any family member as defined in Kentucky Revised Statutes 11A.010(4) or business associate of yours directly or indirectly:

1. **Interests and Investments:** Knowingly acquired any interest in or received any type of payment or remuneration from any business that does business with KRS or KPPA? If your answer is yes, please list the business, the type of payment or remuneration, and the date of the payment in the space provided at the end of this statement.

Yes No

2. **Past Work Relationships:** Knowingly been involved in any work relationships in the past that would either constitute or create the appearance of a conflict of interest with KRS or KPPA? If your answer is yes, please list the person and the work relationship in the space provided at the end of this statement.

Yes No

3. **Gifts and Entertainment:** Knowingly received any gifts, entertainment or other thing of value from any business that does business with KRS or KPPA or is seeking to do business with KRS or KPPA? If your answer is yes, please list the gift, entertainment or other thing of value, the person or business from which you received the gift, entertainment, or other thing of value, and the date of receipt in the space provided at the end of this statement.

Yes No

4. **Improper Activities:** Knowingly engaged in any activity or have any interest or arrangement that might appear to involve a conflict of interest with the KRS Conflict of Interest and Confidentiality Policy, or the Executive Branch Code of Ethics? If your answer is yes, please list the activity, interest, or arrangement in the space provided at the end of this statement.

Yes No

If any "Yes" box is checked in answer to any of the above questions, please explain in the space provided. Use additional sheets if necessary.

Kentucky Retirement Systems
Internal Conflict of Interest Statement
Page 3

I have read the Kentucky Retirement Systems' Conflict of Interest Policy, as well as the Executive Branch Code of Ethics, and agree to report, in writing, to the Chair of the Board of Trustees of the Kentucky Retirement Systems any situation which either poses or may pose a possible conflict of interest.

Agreed this the _____ day of _____, 202_.

Signature

Name

Title

Kentucky Retirement Systems
Board of Trustees Election Policy

I. INTRODUCTION

Adoption of Board Election Policy

Pursuant to the provisions of Kentucky Revised Statutes (KRS) 61.645, the Board of Trustees (Board) of the Kentucky Retirement Systems (Systems) is permitted to adopt procedures necessary to conduct the business of the Systems as needed. State and federal law shall control if any inconsistency exists between the law and this policy.

Statement of Board Election Policy

The Board is composed of nine Trustees who shall be selected as follows:

1. Two (2) elected from the members of the Kentucky Employees Retirement System (KERS).
2. One (1) elected from the members of the State Police Retirement System (SPRS).
3. Six (6) nominated by the Governor.
 - a. Three (3) Trustees with retirement experience.
 - b. Three (3) Trustees with investment experience.

KRS 61.645 (3) through (6) provides the basic statutory requirements for the election of the Trustees of the Board. The Board recognizes the need to establish consistent procedures for the implementation of these statutory provisions requiring the election of certain Trustees.

Purpose

The purpose of this Board Election Policy (Policy) is to establish procedures to implement KRS 61.645 and 105 Kentucky Administrative Regulation 1:445, Electronic ballots in Trustee elections.

II. DEFINITIONS

The following definitions and terms used in this Policy shall be applicable whenever used herein:

1. "Application" means the form adopted by the Board to be used by members seeking to be nominated and placed on the Official Ballot as a candidate.
2. "Ballot" or "Official Ballot" means a voting instrument, either electronic or paper, that includes the candidates for election as a Board Trustee and the following information for each of the candidates:
 - a. Name;
 - b. Recent photograph;
 - c. City and county of residence;
 - d. The Systems' current employing agency and position title or the Systems'

Commented [BC1]: KPPA form will be used, but this form needs approval from both KRS and CERS boards.

employing agency from which the candidate last worked or retired and the position title of the last position held;

- e. Education including schools and/or universities attended and degrees earned;
- f. Whether or not the candidate has been convicted of a felony;
- g. Any professional licenses or certifications held by the candidate; and
- h. Any organization of which the candidate is a member that is listed on the candidate's application or résumé.

The ballot shall contain the website address where each candidate's application, cover letter, and résumé shall be available for viewing. Candidates' position on the ballot shall be determined by random lottery, performed and certified by a representative from the Kentucky Public Pensions Authority (KPPA) Division of Internal Audit Administration. Identification information for each eligible voter shall be protected by bar code or other means. The ballot shall include the ability to write-in candidates.

- 3. "Candidate" means a potential candidate who has been nominated and placed on the Official Ballot by the current Board or by petition from the membership of the system for which the vote is being taken.
- 4. "Constitutionally eligible individual" means a potential candidate who does not have a conflict of interest on the basis of holding a constitutionally elected or appointed position pursuant to KRS 61.645 and Kentucky Constitution Section 165.
- 5. "Cover Letter" means a document submitted to the KPPA by a member of the retirement system for which the election is to be held, which details the member's qualifications for serving as a Trustee to the board.
- 6. "Eligible voter" means any person who was a member of the retirement system for which the vote is being taken on or before December 31 of the year preceding the election year and who has provided the KPPA with a valid email or physical address as set forth in KRS 61.645.
- 7. "Member" shall mean individuals of KERS or SPRS, whether that individual is active (i.e. currently employed), inactive (i.e. formerly employed, but not retired and has not taken an account refund), or retired.
- 8. "Petition" means a document submitted by a potential candidate requesting to be nominated and placed on the Official Ballot by the members of their respective retirement system. A petition shall meet the following standards or, if it fails to meet the following standards, shall be deemed invalid and the requesting individual shall not be a potential candidate qualified for nomination and placement on the Official Ballot as a candidate:
 - a. The petition shall contain the names, the last four digits of Social Security numbers, and signatures of not less than one-tenth of the number of members voting in the last election for the respective retirement system. Each member may only be counted once on the petition.
 - b. A potential candidate seeking nomination by petition shall submit a fully completed application, cover letter, résumé, and a release for a criminal background check at the same time the petition is submitted to the Systems or KPPA.

Commented [BC(2)]: Another option might be, "submitted to the Systems at the retirement office." This process is not outlined by statute.

Commented [BC(3)]: The Board has discretion to decide since this is not outlined in statute or regulation.

Commented [BC(4)]: This is one option Kristen and I have come up with. Another option might be, "submitted to the Systems at the retirement office." This process is not outlined by statute.

9. "Plurality of votes" means a majority of votes cast in the election on a Valid Ballot.
10. "Potential candidate" means a member who is seeking nomination as a candidate by the current Board or by valid petition from the membership of the system for which the vote is being taken and who meets the following criteria:
- Is a member of the system for which the vote is being taken;
 - Has fully completed and submitted an application, cover letter, résumé, and a release for a criminal background check by the required deadline;
 - Is a constitutionally eligible individual;
 - Is not statutorily prohibited from being a Trustee by virtue of the term limits in KRS 61.645 (3);
 - Is not a current or former employee of the Systems, County Employee Retirement Systems, or KPPA; and
 - Is not in violation of any provision of KRS 11A.020 or 11A.040 by a court of competent jurisdiction or any other statute.
11. "Résumé" means a document submitted to the KPPA by a member of the system for which an election is to be held, which shall include the member's name, address, phone number, e-mail address, educational, and professional background as well as any certifications and relevant memberships not included on the application.
12. "Term of Office" means the period of membership on the Board, which shall begin on April 1 of the year elected or appointed and shall end on March 31 four years thereafter.
13. "Valid Ballot" means a current version of the electronic or paper ballot provided to an eligible voter that has been marked to show the voter's choice of at least one (1), but not more than the maximum number of eligible candidates for the number of vacancies being filled.
- Electronic ballots shall be cast by March 1.
 - Paper ballots shall contain the signature of the voter and be postmarked to the Systems in care of a predetermined post office box number at a United States Post Office no later than March 1.
- Any ballot that does not meet these standards shall be deemed an invalid ballot and shall not be counted. In addition, if multiple votes are cast by one (1) individual, only the first counted vote will be considered valid and will be counted; all subsequent votes shall be invalid and will not be counted.
14. "Write-in candidate" means an individual whose full name (first, middle, and last name) was written in the space provided on at least one Valid Ballot. Should a write-in candidate receive a plurality of votes, a representative from the KPPA Division of Internal Audit Administration will ensure the write-in candidate meets all of the following criteria. If the criteria is not met, the write-in candidate will not be allowed to serve as Trustee:
- Is a member of the system for which the vote is being taken;
 - Is a constitutionally eligible individual.
 - Is not statutorily prohibited from being a Trustee by virtue of the term limits in KRS 61.645 (3);
 - Is not a current or former employee of the Systems, County Employee Retirement Systems, or KPPA; and

Commented [BC(5): Another option might be, "submitted to the Systems at the retirement office." This process is not outlined by statute.

- e. Is not in violation of any provision of KRS 11A.020 or 11A.040 by a court of competent jurisdiction, current or prior employment by the Systems, or any other statute.

III. REQUESTS FOR CANDIDATES

1. The KPPA shall notify the membership of the retirement system holding the election that applications are being accepted from members who would like to be considered for nomination by the Board as a candidate for the position of Trustee. The notice shall include information, or direct the membership on how to find information, regarding the qualifications necessary for candidacy as well as the due dates for applications and other required documents.
2. A member seeking nomination by the Board must submit a completed application, cover letter, résumé, and a release for a criminal background check to the Systems' Chief Executive Officer or designee by July 31 of the year prior to the expiration of a term of office.
3. Personal information for each member requesting nomination by the Board will be forwarded to the Office of the Attorney General of Kentucky to determine whether the member is a constitutionally eligible individual.
 - a. If the member is not a constitutionally eligible individual, the member shall be notified of his or her ineligibility, and that he or she will not be listed as a potential candidate for nomination by the Board, unless the member agrees to resign from the position causing the constitutional ineligibility. This resignation would only be required if the member were to be declared a winner of the election.
 - b. The Board also shall be notified if the member seeking to be listed as a potential candidate for nomination by the Board is determined not to be a constitutionally eligible individual.
4. Any information requested by a potential candidate and approved by the Systems and/or KPPA to be provided to the potential candidate shall be forwarded to all other potential candidates, providing the information does not violate the confidentiality requirements specified in KRS 61.661 or any other binding law.

Commented [BC(6)]: Note that this says KPPA and not Systems. Not outlined by statute, but presumably this is something the Board would want the KPPA to take care of (as opposed to the Board's CEO and GC).

Commented [BC(7)]: The statute does not state who receives the application and accompanying documents, but it makes sense that it's either the CEO/designee or the Board/designee. The KPPA Internal Auditor may be a good choice for designee.

Commented [BC(8)]: This process is not outlined in statute. This is one option Kristen and I have come up with. Another option could be that KPPA approves the information and keeps the Board apprised of information requested/provided.

IV. NOMINATION BY THE BOARD

1. The Systems' Chief Executive Officer or designee shall provide written notice to the Board of election procedures at the first quarterly meeting in the Board year preceding the expiration of the term of office.
2. The Board shall nominate no more than three (3) candidates for each position to be elected. This nomination shall take place no less than six (6) months prior to the expiration of the current elected Trustee's term of office. Prior to making the nominations, the current Trustees will be given a list of all potential candidates seeking nomination by the Board.
 - a. In the case of KERS, the ballot shall contain no more than six (6) names.
 - b. In the case of SPRS, the ballot shall contain no more than three (3) names.

Commented [BC(9)]: Designee is optional here. The CEO seems like the natural person to provide this notice, but that is not outlined in statute.

Commented [BC(10)]: Nomination by the Board must occur no later than September 30th (6 months prior to the end of the candidate terms). Additionally, Kristen has noted that applications are not due until July 31 according to Section 3 of this policy, so if the nomination occurs prior to July 31st, we would need to change some of the dates earlier in this policy.

3. From the list provided, each current Trustee may vote for up to three (3) potential candidates, per open position. Voting will occur in a roll call manner so that each current Trustee verbally confirms his or her nomination(s). The maximum nominations are as follows:
 - a. In the case of KERS, each current Trustee may vote for up to six (6) candidates.
 - b. In the case of SPRS, each current Trustee may vote for up to three (3) candidates.
4. After voting under Paragraph four (4) of this section is completed, a representative from the KPPA Division of Internal Audit Administration will review the number of votes received by each potential candidate. The potential candidates that receive the highest number of votes will be placed on the Official Ballot. No more than the maximum allowed nominated candidates under Paragraph two (2) of this section will be placed on the Official Ballot.
5. If multiple potential candidates receive the same number of votes under Paragraph four (4) of this section resulting in more than the maximum allowed nominated candidates under Paragraph two (2) of this section, another vote will be taken only of those potential candidates receiving a tying vote for the last spot(s) on the Official Ballot. Trustees will vote for up to one (1) potential candidate per remaining spot to be filled on the Official Ballot. After the additional vote is taken, the potential candidate(s) receiving the highest number of votes will be placed on the Official Ballot. The voting shall continue in this manner until the ties are broken resulting in no more than the maximum number of allowed nominated candidates under Paragraph two (2) of this section.
6. If voting under Paragraphs four (4) and/or six (6) of this section results in fewer than the maximum number of allowed potential candidates being nominated to the Official Ballot under Paragraph two (2), the Trustees must take one (1) of the following actions by affirmative majority vote:
 - a. Allow only those potential candidates with the highest number of votes under Paragraphs four (4) and/or six (6) to be placed on the Official Ballot, or
 - b. From the original list of potential candidates, vote in accordance with Paragraph six (6) of this section for potential candidates who have not received sufficient votes under Paragraphs four (4) or six (6) to be placed on the ballot until the maximum number of potential candidates under Paragraph two (2) are nominated to be on the Official Ballot.
7. The KPPA will publish the candidates nominated by the Board on the KPPA website. Deadlines, as set out below, shall be provided on the website.

V. NOMINATION BY PETITION

1. After the candidates are nominated by the Board, a member may also seek nomination by petition from the membership of the retirement system for which the election is to be held. The petition nomination process will be published on the KPPA website.
2. To be nominated as a candidate on the Official Ballot, a member seeking nomination by petition from the membership of the retirement system for which the election is to

Commented [CK(11)]: For the Board's consideration: Do we want to include a minimum voting number for each Trustee, such as one individual per open position? The policy would then read in this manner:

From the list provided, each Trustee may vote for up to three (3) potential candidates, but must vote for at least one (1) potential candidate per open position. Voting will occur in a roll call manner so that each current Trustee verbally confirms his or her nomination(s). The number of allowable nominations are as follows:

- a. In the case of KERS, each Trustee may vote for up to six (6) candidates, but must vote for at least two (2) candidates.
- b. In the case of SPRS, each Trustee may vote for up to three (3) candidates, but must vote for at least one (1) candidate.

be held must submit a petition complying with the requirements as set out in the definitions above and adhere to the following requirements:

- a. The petition may only contain the name of one (1) potential candidate.
 - b. The petition shall be delivered to the Chief Executive Officer or designee no later than November 30 of the year prior to the expiration of a term of office.
3. Names and last four digits of Social Security numbers on petitions shall be verified by individuals designated by the Systems' Chief Executive Officer and the results shall be certified by a representative from the KPPA Division of Internal Audit Administration. The certification of additional candidates shall become part of the official minutes of the Board.
 4. Personal information for each member submitting a petition will be forwarded to the Office of the Attorney General of Kentucky to determine whether the member is a constitutionally eligible individual.
 - a. If the member is not a constitutionally eligible individual, the member shall be notified of his or her ineligibility, and that he or she does not qualify as a potential candidate for nomination by petition, unless the member agrees to resign from the position causing the constitutional ineligibility. This resignation would only be required if the member were to be declared a winner of the election.
 - b. The Board also shall be notified if the member seeking to qualify as a potential candidate for nomination by petition is determined not to be a constitutionally eligible individual.
 5. Any information requested by a potential candidate and approved by the Systems and/or KPPA to be provided to the potential candidate shall be forwarded to all other potential candidates, providing the information does not violate the confidentiality requirements specified in KRS 61.661 or any other binding law.

Commented [BC(12)]: Another designation by the CEO. Not set forth by statute.

Commented [BC(13)]: This is process is not outlined in statute. This is one option Kristen and I have come up with. Another option could be that KPPA approves the information and keeps the Board apprised of information requested/provided.

VI. ELECTION BY THE MEMBERSHIP

1. An Official Ballot, complying with the requirements as set out in the definitions above, shall be prepared no later than three (3) months prior to the expiration of the term of office in question.
 - a. Electronic ballots shall include instructions on voting for a candidate, including write-in candidates. The deadline by which electronic votes must be cast shall be included on the electronic ballots.
 - b. Paper ballots shall include instructions for voting for a candidate, including write-in candidates, and for marking and returning the ballots. The postmark deadline for the paper ballots shall be printed on the ballots. Paper ballots shall be addressed to the Systems in care of a predetermined post office box number at a United States Post Office.
2. The KPPA Executive Director or designee shall initiate a bid for a contracted firm to administer the election (hereafter referred to as the "Election Services Vendor") using the procurement procedures then in place. The bid shall outline vendor security requirements, the technical requirements for both electronic and paper ballots (including paper ballot printing specifications), and the required election timeline.

Commented [BC(14)]: The KRS CEO or the KPPA could do the RFP for the Election Services Vendor. Board's discretion on this. Depending on the Board's choice, changes may need to be made throughout Section VI.

3. The Election Services Vendor shall obtain the post office box for receipt of paper ballots. Access to this post office box shall be limited to the Election Services Vendor. An agreement shall be made between KPPA and the Election Services Vendor concerning the location of the postal box and the Business Reply Permit Number that shall be used.
4. All eligible voters will be provided with an electronic ballot or mailed a paper ballot on or before January 20.
5. Only one (1) ballot will be provided to an eligible voter. Ballots will be distributed as follows:
 - a. Electronic ballots for the election of Trustees shall be distributed via email addresses on file at KPPA.
 - b. Paper ballots for the election of Trustees shall be distributed via the United States Postal Service to each voter that does not have a valid email address on file at KPPA or to each eligible voter that requests a paper ballot by November 30 of the year prior to the expiration of a term of office.
6. Duplicate ballots will not be produced.
 - a. If an eligible voter fails to receive a ballot (paper or electronic) because of an act or omission of the Systems or KPPA and makes the Systems or KPPA aware of this before the voting has closed, a representative from the KPPA Division of Internal Audit Administration shall work with the Election Services Vendor to provide a replacement ballot. If the Systems or KPPA is made aware of the situation on or before one (1) week prior to the postmark deadline, the eligible voter may request either a paper or electronic ballot. If the Systems or KPPA is made aware of the situation with less than a week before the postmark deadline, only an electronic ballot will be provided to the eligible voter.
 - b. If a paper ballot is returned to the Election Services Vendor, the Systems, or KPPA with an invalid address, but a corrected address is received from the United States Postal Service on or before one (1) week prior to the postmark deadline, a representative from the KPPA Division of Internal Audit Administration may work with the Election Services Vendor to mail a subsequent paper ballot to the eligible voter at the corrected address.
7. The Election Services Vendor shall count each ballot. In so doing, the Election Services Vendor shall review the validity of the ballot in accordance with the definition above. All votes via valid ballots shall be counted for the candidates marked. During the process of the count, all ballots shall be in the exclusive control of the Election Services Vendor, with proper security to ensure that no one other than the Election Services Vendor has access to the ballots.
8. Official Ballots returned to the Systems or KPPA will be processed in accordance with 105 KAR 1:445 Sections 4, 6.
9. After counting all valid ballots, the Election Services Vendor shall certify in writing the results of the election to the **Chair of the Board** in care of the Systems' Chief Executive Officer on or before March 15 of the year in which a term of office expires.
10. The candidate(s) receiving a plurality of the votes for each Trustee position to be

Commented [BC(15)]: Required by statute.

elected shall be designated as the winner. Winning candidates shall begin their term of office as Trustee on April 1 and shall be sworn in at the annual meeting of the Board.

- a. In the case of KERS, the two (2) persons receiving the largest pluralities of votes shall be the elected Trustees.
- b. In the case of SPRS, the one (1) person receiving the largest plurality of votes shall be the elected Trustee.

11. Once ballots have been counted and the election is deemed final, the Election Services Vendor shall destroy all ballots and provide a certificate to that effect to the Systems' Chief Executive Officer or designee.

Commented [BC(16)]: Process not outlined by statute.

VII. FILLING A VACANCY

1. Any vacancy that may occur in a Trustee position other an elected Trustee position, except by the expiration of the term, shall be filled in the same manner that provides for the selection of that non-elected Trustee position under KRS 61.645.
2. Any vacancy, which may occur in an elected position, other than by the expiration of the term, shall be filled within ninety (90) days by appointment by a majority vote of the remaining elected Trustees.
 - a. The KPPA shall notify the membership of the retirement system with the vacancy that applications are being accepted from members who would like to be considered for appointed to the position of Trustee.
 - b. A member seeking appointment by the Board must submit a completed application, cover letter, résumé, and release for criminal background check to the Systems' Chief Executive Officer or designee no later than sixty (60) days after the vacancy occurs. The specific due date will be listed in the provided notice.
 - c. Personal information for each member requesting appointment by the Board will be forwarded to the Office of the Attorney General of Kentucky to determine whether the member is a constitutionally eligible individual.
 - i. If a member is not a constitutionally eligible individual, the member shall be notified of ineligibility, and that he or she will not be considered for appointment to the vacant position, unless the member agrees to resign from the position causing the constitutional ineligibility. This resignation would only be required if the member were appointed to the position of Trustee.
 - ii. The Board shall also be notified if a member seeking appointment is determined not to be a constitutionally eligible individual.
3. Each current elected Trustee may make one (1) nomination for the vacant seat.
4. All individuals nominated by the current elected Trustees shall meet the requirements of a potential candidate as defined above.
5. If more than two (2) candidates are nominated for appointment to fill the vacancy of an elected position, then the remaining elected Trustees shall reduce the number to two (2) candidates by use of the voting procedure set forth above in Nomination by the Board Procedures Paragraphs 4, 5, and 6.

Commented [BC(17)]: Note that this says KPPA and not Systems. Not outlined by statute, but presumably this is something the Board would want the KPPA to take care of (as opposed to the Board's CEO and GC).

Commented [BC(18)]: The statute does not state who receives the application and accompanying documents, but it makes sense that it's either the CEO/designee or the Board/designee. The KPPA Internal Auditor may be a good choice for designee.

6. Any such vacancies shall only be filled for the expiration of the unexpired term.

VIII. PROCUREMENT OF THE ELECTION SERVICES VENDOR

1. When procuring an Election Services Vendor, the request for proposal (RFP) shall indicate that the selected vendor will sign the KPPA's Business Associate and Confidentiality Agreements as well as provide a summary of security policies and standard security procedures related to ensuring election integrity. The RFP must include specific security details to which the vendor must adhere. The security details should include, but not be limited to, the following topics:
 - a. Systems, network, and application software used to process sensitive information.
 - b. Vendor risk and threat management responsibilities.
 - c. Software License Agreements.
 - d. Service Level Agreement and Support.
2. The team that drafts the RFP and evaluates the bid proposals should include KPPA employees from the Divisions of Internal Audit Administration, Communications, and Enterprise and Technology Services. The KPPA Executive Management Team and Office of Legal Services employees as well as the Systems' Chief Executive Officer and General Counsel should be consulted as needed.

Commented [BC(19): Again, it is within the Board's discretion to decide whether the KRS CEO and GC do the RFP or the KPPA. Section VIII may need amendment depending on the Board's decision.

IX. ETHICS

Ethics in the election process shall conform to the Executive Branch Code of Ethics as set forth in KRS Chapter 11A.

X. CERTIFICATION

We, the Chair of the Kentucky Retirement Systems Board, the Chief Executive Officer of the Kentucky Retirement Systems, and the Executive Director of KPPA do hereby certify that this Board Election Policy was adopted by the Board on this the 1st day of April, 2021.

XXXXXX, Chair of the Kentucky Retirement Systems Board of Trustees Date

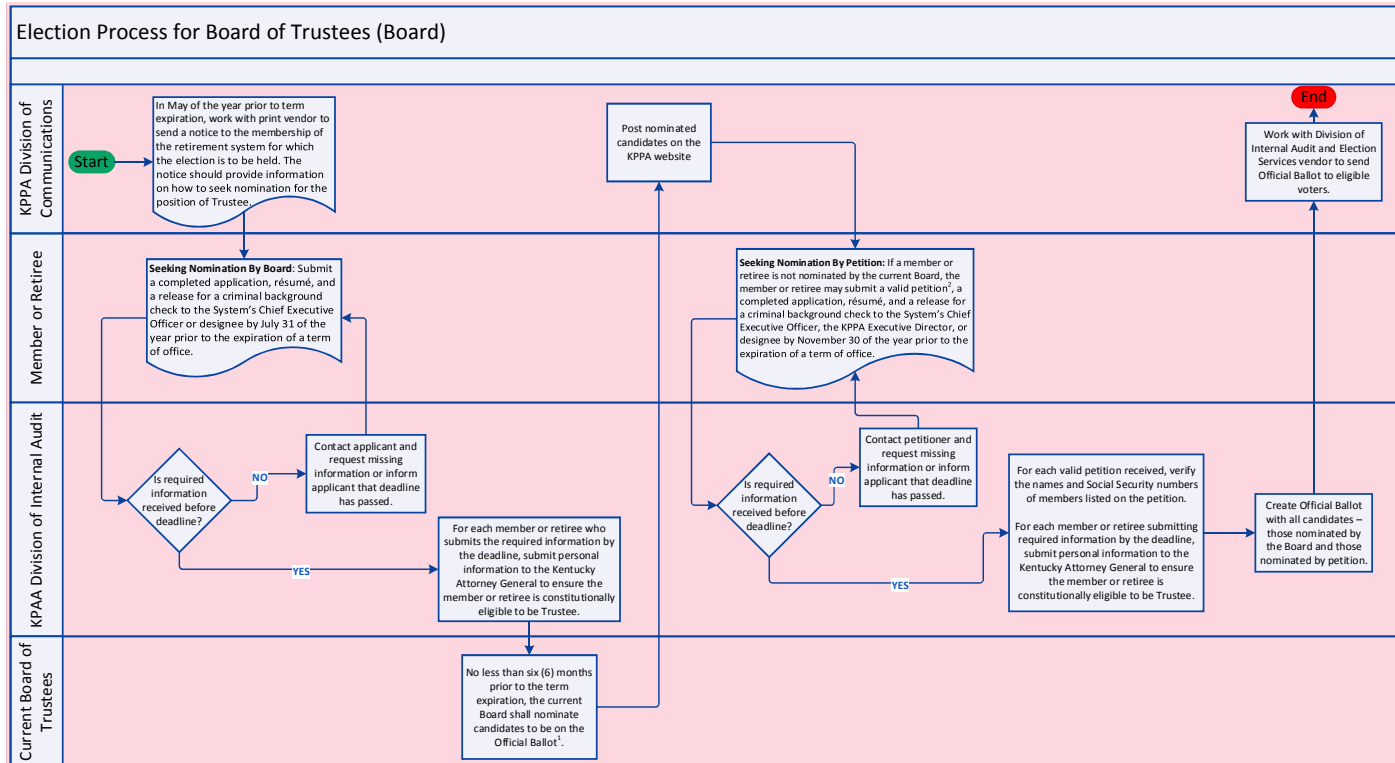
XXXXX, Kentucky Retirement Systems Chief Executive Officer Date

XXXXX, KPPA Executive Director Date

History: Approval Date: April 1, 2021
 Amended:

DRAFT

Exhibit A



Commented [BC(20)]: Some of this flowchart may be impacted by decisions noted in previous comments.



APPLICATION FOR TRUSTEE

Kentucky Public Pensions Authority

1260 Louisville Rd. • Frankfort KY 40601-6124
 Phone: (502) 696-8800 • Fax: (502) 696-8801 • kyret.ky.gov
 Deaf/Hard of Hearing TTY (502)564-4306

Trustee Information

| | | | |
|---|------------|---|---------------------|
| Today's Date (mm/dd/yyyy) | | Date of Birth (mm/dd/yyyy) <i>For identification purposes only</i> | |
| Phone (select type) <input type="checkbox"/> Mobile <input type="checkbox"/> Home | | Work Phone No. | |
| | | | |
| Last Name | First Name | Middle Name | Other Name (if any) |
| Select Retirement System in which you have majority of service: <input type="checkbox"/> CERS <input type="checkbox"/> CERS-H <input type="checkbox"/> KERS <input type="checkbox"/> KERS-H <input type="checkbox"/> SPRS | | | |
| Position(s) held in above selected system: | | | |
| | | | |

Background

Yes No Have you ever been convicted of or plead guilty to a felony? If yes, list offense(s), date(s) of offense(s), date(s) of conviction(s) or plea(s), and jurisdiction(s) in which the offense(s) occurred. Conviction is not an automatic rejection of application.

Conflict of Interest

Yes No Some Constitutional Offices or positions of public employment are considered constitutionally incompatible with other Constitutional Offices (see KRS 61.645, KRS 61.080, and Kentucky Constitution Section 165). If upon review of your application, it is deemed that you hold a Constitutional Office or position of employment that is incompatible with the office of Trustee, do you agree to resign that position prior to the beginning of the term of Trustee or to withdraw your application for Trustee upon notice of the incompatibility?

The following are examples of positions that **may** be constitutionally incompatible with the office of Trustee: Commissioner of the fiscal court in counties containing a city of the first class; Member of the legislative body of cities of the first class; Mayor and member of the legislative council of a consolidated local government; Mayor and member of the legislative body in cities of the home rule class; County Indexer; member of the Public Service Commission of Kentucky; member of the Worker's Compensation Board; an appointed office of a special purpose governmental entity that has the authority to levy taxes; and an officer or employee of any county, city, town, or other municipality. **This list is not all inclusive.** Current work information will be submitted to the Office of the Attorney General of Kentucky to make the final determination on constitutional compatibility.

Yes No Do you or any member(s) of your immediate family own more than 5% interest in an entity that does business or might seek to do business with the CERS Board, KRS Board, or KPPA? If yes, please list below.

Yes No Do you or any member(s) of your immediate family serve in a leadership or fiduciary capacity with an entity that does business or might seek to do business with the CERS Board, KRS Board, or KPPA? If yes, please list below.

Yes No Do you have any other actual or potential conflicts of interest that may hinder or prevent you from serving as a Trustee? If yes, please list below.

Name: _____

Date _____

Licenses or Certificates: Please list any professional licenses or certifications you currently hold.

| License or Certification Title & Number | Original Issue Date | Current Expiration Date | Name, Address & Phone of Licensing Agency |
|---|---------------------|-------------------------|---|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

Membership in Organizations: Indicate current membership in professional organizations, if you wish for the organization to be listed in your biography.

| ORGANIZATION | TITLE | DATE MEMBERSHIP EXPIRES |
|--------------|-------|-------------------------|
| | | |
| | | |
| | | |
| | | |
| | | |

In order to be considered as an applicant for the position of Trustee, along with the completed application, you must submit the following items:

1. Cover Letter explaining your qualifications for serving as a trustee and why you would like to serve as a trustee.
2. Detailed résumé which includes name, address, phone number, e-mail address, educational background, and employment history. Employment history must include dates of employment, job title, employer name and address, and type of business.
3. Color picture, 5x7 or larger, in PNG or JPG format submitted to trustee.election@kyret.ky.gov.
4. Release for criminal background check to be completed by Kentucky State Police. Payment for the background check will be made by the retirement system conducting the election.

Please note that name and current work related information provided by applicants will be forwarded to the Office of the Attorney General of Kentucky who will then determine whether the member is constitutionally eligible to join the Board of Trustees.

Signature - Please read and sign the following statement:

I certify, under penalty of law, that the information given in this application is correct and complete to the best of my knowledge.

Date _____

Signature: _____

**KENTUCKY RETIREMENT SYSTEMS
BOARD OF TRUSTEES
FUNDING POLICY**

Effective July 1, 2013

Amended: _____

I. Introduction

- A. Adoption of Board Funding Policy: Pursuant to the provisions of Kentucky Revised Statutes (KRS) 61.645, the Board of Trustees (Board) of the Kentucky Retirement Systems (Systems) is permitted to adopt policies regarding the administration of the Systems as needed.
- B. Background. The Board administers two public employee retirement systems: the Kentucky Employees Retirement System (KERS) and the State Police Retirement System (SPRS)(hereinafter jointly referred to as “Plans”). KERS has a nonhazardous plan and a hazardous plan. SPRS contains only one plan offering retirement benefits consistent with the KERS hazardous plan. The Board also administers a health insurance trust fund for eligible members and beneficiaries of the Plans.
- C. Statement of Purpose of Board Funding Policy: Adoption of a formal policy defining priorities and guidelines for the funding of retirement and health insurance benefits is a best practice for public employee retirement systems. This Funding Policy outlines the Board’s goals and strategies for financing the Plans and health insurance trust fund it administers, including the principal goal of achieving a funded ratio¹ that is equal to or greater than one hundred percent (100%) for all Plans and the insurance trust fund. In the event that this Funding Policy conflicts with state or federal law, the law shall prevail.

II. Scope of authority

- A. The Kentucky General Assembly determines:
 - 1. The design of the Plans’ retirement and insurance benefits;
 - 2. Employee (member) contributions;
 - 3. The frequency and deadlines for the Board to conduct an actuarial valuation and recommend employer contributions;

¹ “Funded ratio” is defined as the actuarial value of assets of each Plan divided by each Plan’s actuarial accrued liability before adjustments for changes in benefits, actuarial methods, and/or actuarial assumptions.

4. A minimum frequency for the Board to cause an actuarial investigation to be made of all the experience under the Plans relative to the actuarial assumptions and funding methods previously adopted by the Board;
 5. Actuarial methods to be used in setting employer contributions; and
 6. Limits on employer contributions to the Plans administered by the Board.
- B. The Board has authority to establish, approve, and revise actuarial assumptions², and the Board has the authority over the investment of trust assets, including determining and approving the asset allocation, investment policies, and strategies for investment asset classes.

III. Funding goals

- A. The principal funding goal of the Board is to fully fund the long-term cost of retirement and health insurance benefits provided to the members and beneficiaries of the Plans by statute through disciplined and timely collection of required contributions and the prudent investment of assets.
- B. The Board's principal funding goal is to strive to have the funded ratio for all Plans and the health insurance fund to be equal to or greater than one hundred percent (100%).
- C. In order to achieve the principal funding goal, employee contributions, employer contributions, and net investment returns, when combined, should be sufficient to pay benefits to eligible members and beneficiaries of the Plans.
- D. The Board shall ensure full payment of employer contributions in compliance with Kentucky Revised Statutes 61.565, including the payment of normal cost contributions and actuarially accrued liability contributions.

IV. Benchmarks

- A. To achieve the previously outlined funding goals, the Board shall cause an actuarial valuation to be made annually in compliance with Kentucky Revised Statutes 61.670.
- B. Additionally, no fewer than every five (5) years, in compliance with Kentucky Revised Statutes 61.670, the Board shall cause an actuarial investigation to be made of all the experience under the Plans relative to the actuarial assumptions and funding methods previously adopted by the Board, and the Board shall make the appropriate revisions following this actuarial investigation.
- C. As required by Kentucky Revised Statutes 61.670, all actuarial investigations, analyses, and valuations shall be certified to the Board by an actuary who shall be a fellow of the

² However, the General Assembly provides oversight concerning the actuarial assumptions.

Conference of Consulting Actuaries or a member of the American Academy of Actuaries.

- D. The annual actuarial valuation conducted in accordance with Kentucky Revised Statutes 61.670 shall specify employer contributions to be paid by employers participating in the Systems, and such employer contributions shall be equal to the sum of the “normal cost contribution” and the “actuarially accrued liability contribution” as required by Kentucky Revised Statutes 61.565.
- E. Increases in benefits for members and beneficiaries of the Plans shall only be provided in accordance with Kentucky Revised Statutes 61.691.

V. Actuarial methods

Pursuant to Kentucky Revised Statutes 61.565, the Board shall use the following methods for the purpose of actuarial valuations and, accordingly, for determining employer contributions:

- A. Cost method: The cost method shall be the entry age normal cost funding method.
- B. Asset smoothing: Investment gains and losses shall be spread over a five (5) year period.
- C. Amortization policy: The actuarially accrued liability contribution shall be amortized as required by Kentucky Revised Statutes 61.565.

VI. Review of funding policy

This Funding Policy shall be reviewed no less frequently than every five (5) years, following the actuarial experience investigation conducted pursuant to Kentucky Revised Statutes 61.670, although it is the intent of the Board to review this Funding Policy more frequently. This Funding Policy may be amended at any time to reflect changes to the Systems’ enabling statutes, Board policies, or best practices for public employee retirement plans.

VII. Certification

We, the Chair of the Board of Trustees of the Kentucky Retirement Systems, and the Chief Executive Officer of the Kentucky Retirement Systems, do hereby certify that this Funding Policy was amended and made effective by the Board of Trustees of the Kentucky Retirement Systems on the ____ day of _____, 20__.

Chair of the Board of Trustees
Kentucky Retirement Systems

Date

Chief Executive Officer
Kentucky Retirement Systems

Date

DRAFT

**KENTUCKY RETIREMENT SYSTEMS
BOARD OF TRUSTEES
PER DIEM AND REIMBURSEMENT POLICY**

Approval Date: April ____, 2021

Section 1: Scope

- A. This policy is enacted pursuant to Kentucky Revised Statutes (“KRS”) 61.645, which provides that the Board of Trustees (“Board”) of the Kentucky Retirement Systems (“Systems”) is permitted to adopt procedures necessary to conduct the business of the Systems as needed. As well, this policy is enacted consistent with the Bylaws of the Board, which provide for reimbursement of the Board in their official duties for the Systems.
- B. Previous revisions to the policies governing the payment of per diems and travel expenses were adopted on August 17, 1995, February 11, 1999, November 18, 1999, August 19, 2004 and February 20, 2020. This policy shall replace all previous versions, whether specifically named or not.
- C. Pursuant to KRS 16.640 and 61.645(7), Trustees who do not otherwise receive a salary from the State Treasury shall receive a per diem for each day they are in session or on official duty, and shall be reimbursed for their actual and necessary expenses in accordance with state administrative regulations and standards.¹
- D. All payments of per diem and/or reimbursement under this policy shall be made consistent with the Model Procurement Code as set forth in KRS Chapter 45A, 200 KAR 2:006, and the Executive Branch Code of Ethics as set forth in KRS Chapter 11A.
- E. In every event, Trustees shall endeavor to conduct the official affairs of the Systems in such a manner as to minimize the cost of providing efficient guidance and administration of the funds entrusted to the Board.
- F. Nothing in this Policy shall be interpreted so as to prohibit or discourage Trustees from attending all official functions of the Board or its Committees, or legislative or other functions, which such Trustee wishes to attend at his or her own expense.

Section 2: Official Duty

- A. “In Session” shall include the following:
 - (1) Meetings of the full Board;
 - (2) Meetings of Committees of which the Trustee is a member or alternate (if needed to make a quorum); and
- B. “Official Duty” shall include the following:

¹ Pursuant to OAG 80-10 the Board of Trustees may receive per diem payments from each of the retirement systems, for a total of \$110.00 “providing they have acted for each of those systems at a particular Board meeting and such is specifically reflected in the minutes thereof.”

Kentucky Retirement Systems
Board of Trustees Per Diem & Reimbursement Policy
Page 2

- (1) Preparation for Board or Committee meetings;
 - (2) New Trustee Orientation at the Kentucky Public Pensions Authority office building in Frankfort or by virtual platform;
 - (3) Self-selected training and training seminars in an amount not to exceed the training requirements in the Board Trustees Education Policy;
 - (4) Sessions of the General Assembly, the Legislative Research Commission, or another legislative subcommittee at the invitation of the Legislature, or a Legislator limited to the Chair or Vice Chair only.
- C. The following are not considered to be “in session” or “on official duty” in order to permit the Trustee to seek a per diem reimbursement, unless specific permission is given by the Chair and the Chief Executive Officer or designee:
- (1) Group or Association meetings;
 - (2) Membership meetings;
 - (3) Other constituent meetings; and
 - (4) When requested to appear by a court or other government entity.
- D. Trustees attending functions as described in Section 2, subsection (C) above shall only be considered to be on official duty when attendance is at the written request, invitation or permission of the Chair of the Board and the Chief Executive Officer or designee. Approval will only be granted for a reasonable number of these functions per year.
- E. If the Chair requests authorization for functions as provided under Section 2, subsections (C) and (D) above, the Vice Chair shall approve such requests.

Section 3: Authorization

- A. Prior to attending a non-Systems and/or non-State (e.g. industry conference) function, a Trustee shall obtain authorization to be reimbursed for attending such a function on official business of the Systems by the Chief Executive Officer or designee.
- B. Authorization shall be obtained through written or e-mailed communication, and should contain the following information:
- (1) Name of Trustee requesting authorization;
 - (2) Purpose of the function;
 - (3) Vicinity and length of time of travel;
 - (4) Estimated cost of travel;
 - (5) Signature of person requesting authorization; and
 - (6) Signature of Chief Executive Officer or designee.
- C. Attendance at full Board meetings or Committee meetings of which the Trustee is a member requires no separate authorization.

Section 4: Preparation for Meetings

- A. Preparation for a meeting of the Board or a Committee of the Board shall include time spent reviewing written and/or video transcripts of formal administrative

hearings or the records, exhibits, documents and memoranda provided to Trustees by the Systems prior to each Board or Committee meeting.

- B. Trustees shall be compensated for preparation for a meeting of the Board or a Committee of the Board as provided under Section 4, subsection (A), at an hourly rate equal to the per diem divided by seven and one-half (7 ½) hours. Each member of the Board or Committee shall report the number of hours spent in preparation on the Preparation Reimbursement Form provided by the Systems.
- C. Committee Chairs shall review all Preparation and Reimbursement Forms and approve all hours for payment as deemed appropriate for the required task for his or her committee and then forward the approved forms to the Chief Executive Officer or designee for final approval. If a Vice-Chair has been elected for a committee, the Vice-Chair shall review the Preparation and Reimbursement Forms for the Committee Chair and then forward the approved forms to the Chief Executive Officer or designee for final approval. If there is no Vice-Chair, the Chair's Preparation and Reimbursement Forms shall be submitted directly to the Chief Executive Officer or designee for review and approval. The Chief Executive Officer or designee shall review all Preparation and Reimbursement Forms for Board of Trustee meetings and approve all hours for payment as deemed appropriate for the required task. The Chief Executive Officer or designee shall review all Preparation and Reimbursement Forms and approve all hours for payment as deemed appropriate for the required task.

Section 5: Reimbursement

- A. Following the function, all travel expenses should be timely claimed on a Commonwealth of Kentucky Finance and Administration Cabinet Travel Voucher form. In no event shall a Trustee be reimbursed by the Systems for any expenses also claimed reimbursable from another state agency.
- B. Actual and necessary travel expenses shall be paid in accordance with 200 KAR 2:006.
- C. Twice a month, the Chief Executive Officer or designee shall prepare the Per Diem Compensation Schedule and approve such payments.
- D. Reimbursement will be made only for individuals who are doing business on behalf of the Systems.
- E. All reimbursement under this Section must be made consistent with the requirements of the Executive Branch Code of Ethics, KRS Chapter 11A. Please refer to the Executive Branch Ethics Commission web site for more information at: <http://ethics.ky.gov/>.

Section 6: Forms

- A. The following forms are attached and are incorporated by reference.
 - (1) Preparation Reimbursement Form - General
 - (2) Preparation Reimbursement Form – DAC/AAC

Kentucky Retirement Systems
Board of Trustees Per Diem & Reimbursement Policy
Page 4

- (3) Commonwealth of Kentucky Finance and Administration Cabinet Travel Voucher form
 - (4) All forms incorporated by reference in 200 KAR 2:006
 - (5) Per Diem Compensation Schedule
- B. These forms may be updated and amended as necessary without effect to this Policy.

Section 7: Certification

We, the Chair of the Board of Trustees of the Kentucky Retirement Systems, and the Chief Executive Officer of the Kentucky Retirement Systems, do hereby certify that this Per Diem and Reimbursement Policy was amended and made effective by the Board of Trustees of the Kentucky Retirement Systems on the ____ day of _____, 20__.

Chair of the Board of Trustees
Kentucky Retirement Systems

Date

Chief Executive Officer
Kentucky Retirement Systems

Date

**KENTUCKY RETIREMENT SYSTEMS
BOARD OF TRUSTEES
TRUSTEES EDUCATION PROGRAM**

Adopted: April ___, 2021

I. Introduction

1. Adoption of Board Trustees Education Program. Pursuant to the provisions of Kentucky Revised Statute (KRS) 61.645 and 105 Kentucky Administrative Regulation (KAR) 1:440, the Board of Trustees (Board) of the County Employees Retirement System (System) is required to establish a formal Trustees Education Program (Program) for all Trustees of the Board.
2. Background. KRS 61.645(18) provides the basic statutory requirements for the Program.
3. Statement of Purpose of Board Trustees Education Program. The purposes of this document are to outline the Program and to establish a procedure for ensuring compliance with the state, federal, and common law. In the event that any portion of this document conflicts with state, federal, or common law, the law shall prevail.

II. Definitions

The following definitions and terms used in this Policy shall be applicable whenever used herein:

1. "Approved Education Activity" is a Trustee Education Activity that has been approved for credit hours of training by the Chief Executive Officer (CEO) or designee by signing the Trustee Education Activity Certification of Completion form.
2. "Trustee Education Activity" is any educational activity, program, or training which provides instruction in one or more of the following areas:
 - A. Benefits;
 - B. Benefits administration;
 - C. Investment concepts;
 - D. Investment policies;
 - E. Current composition and administration of retirement systems investments;
 - F. State or federal statutes, regulations, case law, and/or other applicable authority governing Kentucky Retirement Systems or fiduciaries;
 - G. Bylaws of the Board;
 - H. Actuarial and financial concepts pertaining to the retirement systems;
 - I. Governmental accounting and audit; and/or
 - J. Performance planning.

3. “Chief Executive Officer” or “CEO” is the Chief Executive Officer of the System or his or her designee.
4. “Credit hour” is sixty (60) minutes of actual time spent on Approved Education Activities, which may be accrued in increments of not less than fifteen (15) minutes.
5. “Education Year” is the twelve (12) months commencing on a Trustee’s date of appointment and on the anniversary of that date thereafter.
6. “Trustee” is a member of the Board.

III. Board Approved Education Activities

The Board hereby states that the following shall be approved by the CEO or designee as Approved Education Activities:

1. Presentations by the CEO, General Counsel, and/or staff of the Kentucky Public Pensions Authority (KPPA) on any of the areas included under “Trustee Education Activity.”
2. Attendance at meetings (e.g., Board, Committee) where there is a presentation on a topic identified as a Trustee Education Activity and where the meeting agenda states that the presentation is an Approved Education Activity; or
3. Workshops and conferences¹ presented by the following:
 - A. The National Association of State Retirement Administrators (NASRA),
 - B. The National Association of Public Pension Attorneys (NAPPA),
 - C. The National Conference on Public Employee Retirement Systems (NCPERS), and
 - D. The Institutional Limited Partners Association (ILPA).
4. In order to receive credit hours for attending a Board Approved Education Activity, Trustees must submit a completed Trustee Education Activity Certification of Completion form as described below in Sections V and VI after participating in an Approved Education Activity.

IV. Chief Executive Officer (or Designee) Approved Education Activities

1. A Trustee Education Activity not delineated as a Board Approved Education Activity may be approved by the CEO or designee upon a Trustee’s submission of a completed

¹ For in-person workshops and conference, no more than four (4) Trustees may attend to ensure that no quorum of the Board is present.

Trustee Education Activity Certification of Completion form as described below in Sections V and VI after participating in a Trustee Education Activity.

2. The Trustee Education Activity Certification of Completion form must be submitted with appropriate documentation, such as a sample agenda, course outline, or materials describing the content of the Trustee Education Activity. The CEO or designee may request additional supporting materials on a case-by-case basis.
3. The Board will not pay for the educational activity unless it is approved by the CEO or designee on a Trustee Education Activity Certification of Completion form.
4. Types of education activities that may be submitted for approval by the CEO or designee:
 - A. Review of educational material related to public pensions and/or investments;
 - B. Workshops and conferences presented by other state retirement systems;
 - C. Workshops and conferences presented by non-profit organizations other than those noted in Section III, Number Three (3);
 - D. Workshops and conference presented by trade groups, vendors, potential vendors, and other for-profit entities (however, before any such educational opportunities are approved, the program must be reviewed by Kentucky Public Pensions Authority staff for compliance with the Executive Branch Code of Ethics under KRS Chapter 11A and the Executive Branch Procurement Code under KRS Chapter 45A);
 - E. Educational Material reviewed by the Trustee outside of a workshop or conference program and not provided by Kentucky Public Pensions Authority staff.
5. The CEO or designee shall review each Trustee Education Activity Certification of Completion form and shall notify the Trustee of whether the educational activity is approved for credit hours as an Approved Education Activity. An approval in any given year shall not bind the CEO or designee to approve an educational activity as an Approved Education Activity in any future year.

V. New Trustee Orientation Program

1. After a new Trustee (New Trustee) is sworn in as a member of the Board, the New Trustee shall be required to complete the New Trustee Orientation Program during his or her first Education Year.

2. The New Trustee Orientation Program shall consist of no less than eight (8) credit hours of Approved Education Activities.
3. The Chief Executive Officer shall be responsible for working with KPPA staff to make the New Trustee Orientation Program available for New Trustees, and may designate other Approved Education Activities for fulfilling the requirements of the New Trustee Orientation Program.
4. The New Trustee Orientation Program shall include training in each of the categories listed under “Trustee Education Activity” in Section II. The New Trustee Orientation Program shall emphasize legal and fiduciary responsibilities of Trustees, including, but not limited to, presentations on these topics by independent third party experts. New Trustees shall also be informed about the operations of System through presentations by any of the following: the CEO, the General Counsel, the KPPA Executive Director, the KPPA Chief Investment Officer, the KPPA Executive Director of the Office of Operations, the KPPA Executive Director of the Office of Benefits, the KPPA Executive Director of the Office of Legal Services, the KPPA Internal Audit Director, the KPPA Information Security Officer, and other qualified KPPA staff members designated by the CEO.
5. If a New Trustee fails to complete the New Trustee Orientation Program within one (1) year following the date the New Trustee is sworn in, in accordance with KRS 78.782(17)(a), the System shall withhold payment of all per diems and travel expenses due to the New Trustee (or which subsequently may come due) until such time as the New Trustee completes the New Trustee Orientation Program.
6. Each New Trustee attending an Approved Education Activity for the New Trustee Orientation Program shall certify to the CEO or designee on a Trustee Education Activity Certification of Completion form that the New Trustee attended the Trustee Education Activity, the total number of credit hours sought, and all other information required by the form.
7. A Trustee Education Activity Certification of Completion form for the New Trustee Orientation Program must be received by the CEO or designee no later than May 31st of the calendar year following the New Trustee’s first Education Year. A Trustee Education Activity Certification of Completion form received later than May 31st of the calendar year following the New Trustee’s first Education Year will not be approved.
8. The CEO or designee shall maintain a record of all Approved Education Activities attended and/or performed by each New Trustee. At the end of the New Trustee’s first Education Year, the CEO or designee shall report in writing to the New Trustee whether the New Trustee has complied with the requirements of the New Trustee Orientation Program. The report shall include the number of credit hours earned and

Commented [BC(1)]: CERS wanted a very generous deadline for turning in the Trustee Education Activity Certification of Completion form. Please advise if the KRS Board would like a different deadline.

any remaining credit hours that need to be earned to fulfill the requirements of the New Trustee Orientation Program.

VI. Annual Required Training

1. For every Education Year, Trustees shall complete a minimum of twelve (12) credit hours of Approved Education Activities. The eight (8) credit hours of New Trustee Orientation Program for New Trustees shall be applied toward the annual twelve (12) credit hour requirement for the New Trustee's first Education Year. Accordingly, New Trustees shall be required to complete four (4) credit hours in addition to the New Trustee Orientation Program in order to meet their annual required training requirements during their first Education Year.
2. The CEO shall make available Approved Education Activities and may approve other Trustee Education Activities for fulfilling the annual training requirements.
3. Each Trustee attending an Approved Education Activity shall certify to the CEO on a Trustee Education Activity Certification of Completion form that the Trustee attended the Trustee Education Activity, the total number of credit hours sought, and all other information required by the form.
4. A Trustee Education Activity Certification of Completion form must be received by the CEO or designee no later than May 31st of the calendar year following the Education Year in which the Trustee Education Activity occurred. A Trustee Education Activity Certification of Completion form received later than May 31st of the calendar year following the Education Year in which the Trustee Education Activity occurred will not be approved.
5. If a Trustee fails to complete the annual required training, in accordance with KRS 78.782(17)(b), the System shall withhold payment of all per diems and travel expenses due to the Trustee (or which subsequently may come due) until such time as the Trustee completes the annual required training.
6. The CEO or designee shall maintain a record of all Approved Education Activities attended and/or performed by each Trustee. At the end of each Trustee's Education Year, the CEO or designee shall report in writing to the Trustee whether the Trustee has complied with the annual training requirements. The report shall include the number of credit hours earned and any remaining credit hours that need to be earned to fulfill the annual required training.

Commented [BC(2)]: CERS wanted a very generous deadline for turning in the Trustee Education Activity Certification of Completion form. Please advise if the KRS Board would like a different deadline.

VII. Trustee Education Activity and Continuing Education Requirements

The CEO or designee may authorize an education activity that is a continuing education requirement for a Trustee's private accreditation not related to a Board function as an Approved Education Activity for which a Trustee may receive credit hours if the education activity provides

instruction on one or more of the areas listed under “Trustee Education Activity.” However, the Board shall not pay for any such training and the Trustee shall not receive any per diem or reimbursement under the Board’s Per Diem and Reimbursement Policy for an Approved Education Activity for which the Trustee also receives continuing education credits unrelated to the Trustee’s service on the Board.

VIII. Certification

We, the Chair of the Board of Trustees of the Kentucky Retirement Systems, and the Chief Executive Officer of the Kentucky Retirement Systems, do hereby certify that this Trustee Education Policy was made effective by the Board of Trustees of the Kentucky Retirement Systems on the ____ day of _____, 20__.

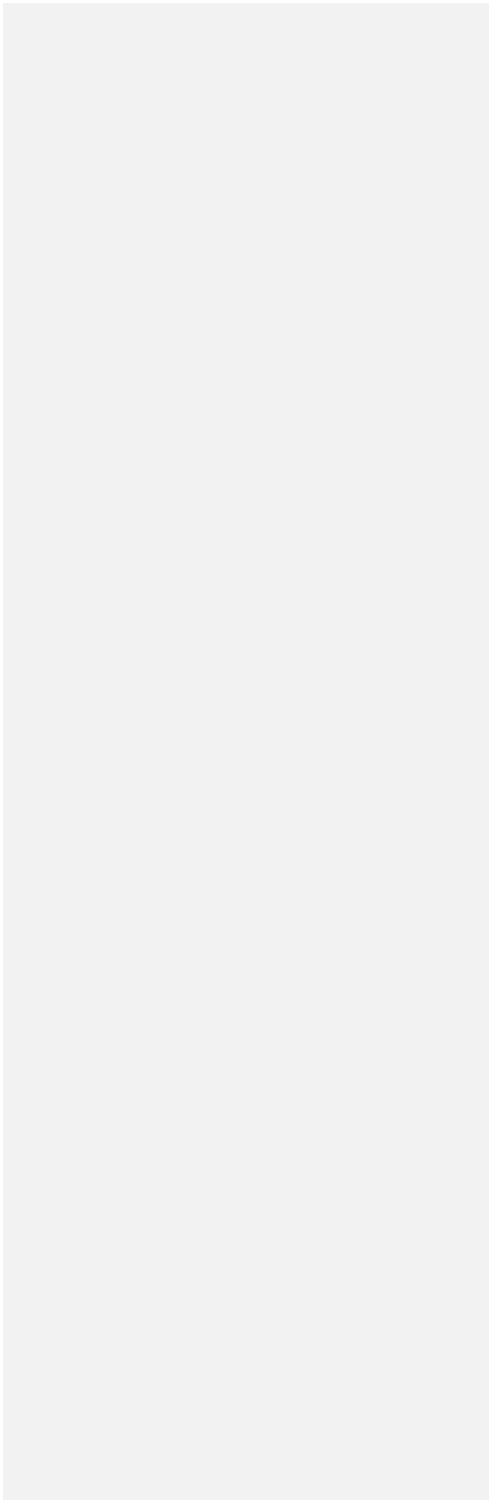
Chair of the Board of Trustees
Kentucky Retirement Systems

Date

Chief Executive Officer
Kentucky Retirement Systems

Date

DRAFT



**KENTUCKY RETIREMENT SYSTEMS
BOARD OF TRUSTEES
TRUSTEE EDUCATION ACTIVITY CERTIFICATION OF COMPLETION FORM**

Adopted: _____

Instructions:

The Board of Trustees of the Kentucky Retirement Systems (Board) has adopted a Trustee Education Policy establishing a formal Trustee training program and outlining the training requirements for the New Trustee Orientation Program and annual required training. Under the Trustee Education Policy, the Board has authorized Trustees to receive credit hours for Approved Education Activities. The Board has also authorized the Chief Executive Officer (CEO) or designee to approve other Trustee Education Activities as Approved Education Activities.

Pursuant to the Board’s Trustee Education Policy, in order for Trustees to receive credit hours for a Trustee Education Activity, a Trustee Education Activity Certification of Completion form must be received by the CEO or designee no later than May 31st of the calendar year following the Education Year in which the Trustee Education Activity occurred. For the New Trustee Orientation Program, a Trustee Education Activity Certification of Completion form for the New Trustee Orientation Program must be received by the CEO or designee no later than May 31st of the calendar year following the New Trustee’s first Education Year.

This form must be accompanied by a sample agenda, course outline, or materials describing the content of the Trustee Education Activity. The CEO or designee may request additional supporting materials on a case-by-case basis.

Please submit by e-mailing this form and accompanying documentation to: _____
Completed forms may also be faxed to: _____

Form:

Trustee Name:

Preferred contact information (email address or phone number):

Trustee Education Activity course, activity, or materials title:

Delivery method of Trustee Education Activity (virtual instruction, in-person instruction, review of materials):

Commented [BC(1)]: CERS wanted a very generous deadline for turning in the Trustee Education Activity Certification of Completion form. Please advise if the KRS Board would like a different deadline.

Topic(s) covered in Trustee Education Activity:

Date of Trustee Education Activity:

Approximate time spent on Trustee Education Activity:

Cost of Trustee Education Activity:

Continuing education:

I will also receive continuing education credits for a purpose not related to my service as a Trustee on the Board: _____ Yes _____ No.

Certification:

I hereby attest that the foregoing is true is accurate and I completed the Trustee Education Activity as described above.

Signature Date
(For email submissions, sign “/s/ First Last.”)

For KRS CEO Only

Approved by: _____ Date _____
KRS Chief Executive Officer

Number of credit hours approved: _____



CHIEF EXECUTIVE OFFICER

Kentucky Retirement Systems

Salary Range: \$TBD Monthly
\$TBD Annually

GENERAL DESCRIPTION OF POSITION:

This position is for the Chief Executive Officer (CEO) for the Kentucky Retirement Systems (KRS). KRS administers benefits for the Kentucky Employees Retirement System and the State Police Retirement System. KRS is governed by a nine (9) member Board (3 elected members, and 6 members appointed by the Governor). Per Kentucky Revised Statutes Section 61.645(9)(a), the CEO shall serve as the legislative, and executive adviser to the Board, and shall work with the Executive Director of the Kentucky Public Pensions Authority (KPPA) to carry out the statutory provisions applicable to KRS. The role of the CEO is to plan, manage, and oversee the activities and operations of KRS within the framework established by statute and in compliance with the policies, rules and regulations adopted by the Board.

ESSENTIAL DUTIES:

Board of Trustees

- Provide leadership to KRS by carefully working with the Board to identify the long-term strategic direction of the organization while working within existing and future statutory and regulatory constraints.
- Develop and implement effective responses to issues facing KRS and its membership.
- Act as the Board's primary adviser and assist the Trustees in meeting their fiduciary responsibilities.
- Work collaboratively with the Board Chair and Committee Chairs in developing meeting agendas and in the preparation of meeting materials.
- Attend all Board and Committee meetings and make presentations as required.
- Provide information and education to the Board on pertinent topics.

- Provide support to the Board and its Committees in establishing and revising all policies of the Board and Committees. Such support will include identifying and analyzing issues requiring Board policy, ensuring policies support the mission and goals of KRS and providing policy recommendations for consideration by the Board or its Committees. The CEO will be responsible for ensuring that all policies are implemented.
- Provide the Board with relevant, appropriate, and timely information to enable it to properly carry out its oversight responsibilities.
- Apprise the Board in a timely manner of all significant issues, problems, or developments pertaining to KRS, and provide recommended courses of action as appropriate.
- Provide orientation to new Trustees as they come on the Board.
- Assure Board orders and requests are implemented.
- Serve as a spokesperson for KRS and respond to inquiries from the press regarding issues pertinent to KRS.
- Act as liaison between the Board, KPPA, member organizations, employers, the Legislature and the public.
- Coordinate with legal counsel, including KPPA legal staff, KRS General Counsel and/or outside counsel as applicable, on all legal proceedings involving KRS.
- Track and ensure compliance with Board education requirements.
- Perform other duties and responsibilities as assigned by the Board.

Fiscal Responsibility

- Assist the Board in reviewing and adopting actuarial assumptions and funding methods for KRS.
- Work with KPPA's actuaries on projections, assumptions, and reports to the Board.
- Monitor the funded status of the pension plan and insurance trust plan.
- Assist the Board in coordinating the annual financial audit.

Legislation

- Maintain a positive relationship with the Legislative and Executive branches of state government.
- Review and, with the assistance of legal counsel, analyze proposed legislation and legislative developments affecting KRS.
- Make recommendations to the Board on administrative regulations and proposed legislation, including assisting KPPA in the introduction of regulations and legislation as necessary and appropriate.
- Interact with legislators and testify on proposed legislation affecting KRS.
- Attend meetings of, and when required, address legislative committees (i.e., the Public Pension Oversight Board).
- Advocate for or oppose bills impacting KRS.

QUALIFICATIONS AND EXPERIENCE:

- Bachelor's degree from an accredited college or university in the fields of Accounting, Business Administration, Economics, Finance, Law, or a related field. An advanced degree is preferred.
- Professional certification in pension or investment/financial management (i.e., Certified Employee Benefits Specialist, Certified Retirement Administrator, CPA, CFA, etc.) will be viewed favorably.
- Significant management experience (ideally 7 or more years) in public pension/retirement benefits or other customer-centric financial services sectors to effectively and efficiently oversee the administration of public pension retirement benefits.
- Experience working for and with a Board; understanding the appropriate roles and responsibilities of the Board and the CEO.
- Experience working with elected officials and the media.
- Knowledge of federal and state laws and regulations governing public pension plans, governmental accounting, auditing, finance, benefits, actuarial science and institutional investments, including public and private market investments.
- Working knowledge of institutional investment concepts and principals, and a significant pool of assets.
- Working knowledge of actuarial concepts and their impact on pension plan funding levels.

PERSONAL CHARACTERISTICS:

- Keen insight into politics and the ability to interact with elected officials and membership groups with integrity and in a manner that engenders trust and confidence.
- Outstanding oral and written communications skills, including the ability to translate complex information into understandable terms, and the ability to listen and work effectively with a wide range of constituencies in a diverse community.
- The highest level of honesty, integrity and ethics.
- Strong understanding of, and personal commitment to, fiduciary duty.
- Willingness and ability to collaborate with other associations on common issues.
- Ability to solve problems and make timely decisions effectively and, as needed, independently.
- Commitment to operating in the open environment required in the public sector with active legislative oversight (Public Pension Oversight Board).



CONFLICTS GENERAL COUNSEL

Kentucky Retirement Systems

**Salary Range: \$TBD Monthly
 \$TBD Annually**

GENERAL DESCRIPTION OF POSITION:

This position is for the Conflicts General Counsel for the Kentucky Retirement Systems (KRS) and reports to the KRS Board of Trustees (Board). KRS administers benefits for the Kentucky Employees Retirement System and the State Police Retirement System. KRS is governed by a nine (9) member Board (3 elected members, and 6 members appointed by the Governor). Per Kentucky Revised Statutes Section 61.645(9)(a), the General Counsel shall serve as legal advisor to the Board, and shall, along with the Chief Executive Officer of KRS, work with the Executive Director of the Kentucky Public Pensions Authority (KPPA) to carry out the statutory provisions applicable to KRS. Currently, the legal staff of KPPA provide legal advice and services to both KRS and the County Employees Retirement System (CERS). However, if a conflict arises between KRS and CERS, KPPA legal staff will be conflicted out of the matter, and both KRS and CERS will need to retain separate, independent legal counsel. This position will fill that role. The Board may also choose to expand its use of the Conflicts General Counsel to become its primary legal advisor to the Board and its Chief Executive Officer (CEO).

EXAMPLES OF DUTIES:

- Provide legal advice during public and closed (executive) sessions of the Board.
- Provide legal assistance and advice to the Board on issues involving Board governance, fiduciary law, pension law, ethics standards, Conflicts of Interest, Open Meetings Laws, and other applicable laws and regulations.
- Confer with the CEO on special legal issues.
- Conduct legal research on complex pension issues.
- If requested, formulate policies and Bylaws for KRS.
- Analyze state and federal legislation, tax or regulatory changes, or pertinent court cases that may have an impact on KRS.
- Make legal recommendations to the Board on administrative regulations and proposed legislation.

- Establish and maintain professional relationships with members of the Board, the CEO, KPPA Legal staff, and other governmental agencies.
- Coordinate with KPPA Legal staff to stay informed about administrative hearings and civil litigation that affect KRS or its operations.
- Maintain a positive relationship with the Legislative and Executive branches of state government.
- Review and analyze proposed legislation and legislative developments affecting KRS.
- If requested, attend meetings of, and when required, address legislative committees (i.e., the Public Pension Oversight Board).
- If requested, may draft and review all types of legal documents, including contracts, memoranda and pleadings.

QUALIFICATIONS AND EXPERIENCE:

- Juris Doctor from an accredited law school and license to practice law in the Commonwealth of Kentucky upon hire.
- Broad and extensive experience of five or more years in the practice of law relating to retirement systems, employee benefits, investments and financial markets, or a closely related field.
- Previous General Counsel experience, and/or law firm experience in advising public pension plans will be viewed favorably.
- Litigation experience will be viewed favorably.
- Knowledge of federal laws, state laws, tax laws, and regulations pertaining to issues that confront public pension plans (i.e., tax law issues, SEC, fiduciary duties).
- Knowledge of the principles and practice of administrative law.
- General familiarity with state government processes and procedures.
- Experience working for and with a Board; understanding the appropriate roles and responsibilities of the Board and the General Counsel.
- Experience working with elected officials and the media.

PERSONAL CHARACTERISTICS:

- Outstanding oral and written communications skills, including the ability to translate complex information into understandable terms, and the ability to listen and work effectively with a wide range of constituencies in a diverse community.
- The highest level of honesty, integrity and ethics.
- Strong understanding of, and personal commitment to, fiduciary duty.
- Ability to work cooperatively with others.
- Ability to prioritize and complete assignments to meet critical deadlines.
- Strong organizational, analytical, problem-solving and critical thinking skills.