

**Kentucky Public Pensions Authority
Annual Meeting
April 28, 2022 at 10:00 a.m. EST
Live Video Conference/Facebook Live
AGENDA**

- | | |
|--|-----------------------|
| 1. Call to Order | Keith Peercy |
| 2. Legal Opening Statement | Michael Board |
| 3. Roll Call | Sherry Rankin |
| 4. Public Comment | Sherry Rankin |
| 5. Election of Chair and Vice Chair* | David Eager |
| 6. Approval of Minutes – March 24, 2022* | Board Chair |
| 7. Joint Audit Committee Reports* | Kristen Coffey |
| 8. Administrative Expense Allocation Update | Rebecca Adkins |
| 9. Investment Division Positions | David Eager |
| 10. KPPA Update | David Eager |
| 11. KPPA Service Recognition Awards | David Eager |
| 12. Closed Session** | Board Chair |
| 13. Adjourn* | Board Chair |

**Board Action Required*

***Board Action May Be Required*

**MINUTES OF MEETING
KENTUCKY PUBLIC PENSIONS AUTHORITY
MEETING VIA LIVE VIDEO TELECONFERENCE
MARCH 24, 2022 AT 10:00 AM ET**

At the meeting of the Board of the Kentucky Public Pensions Authority held on March 24, 2022 the following members were present: Keith Peercy (Chair), John Cheshire, Campbell Connell, Prewitt Lane, William O'Mara, Betty Pendergrass, and Jerry Powell. Staff members present were KRS CEO John Chilton, CERS CEO Ed Owens, III, David Eager, Rebecca Adkins, Erin Surratt, Michael Board, Steven Herbert, Connie Davis, Kristen Coffey, Ashley Gabbard, D'Juan Surratt, Victoria Hale, Carrie Bass, Ann Case, Shaun Case, Glenna Frasher and Sherry Rankin.

Mr. Peercy called the meeting to order.

Mr. Board read the Legal Opening Statement.

Ms. Rankin called roll.

There being no *Public Comment* submitted, Mr. Peercy introduced agenda item *Approval of Meeting Minutes – December 8, 2021 and January 27, 2022*. Mr. Lane made a motion and was seconded by Mr. Powell to approve the minutes as presented. The motion passed unanimously.

Mr. Peercy introduced agenda item *Investment Update*. Mr. Herbert began by reviewing the KPPA Statutory Compliance Checklist as it pertains to Website Postings. He indicated that work is still progressing toward making sure our reporting is compliant with the KRS statutes. Mr. Herbert provided an overview of the Investment Return summary reports for all of the plans for the quarter ended December 31, 2021. This information was provided for informational purposes.

Mr. Peercy introduced agenda item *Joint Audit Committee Reports*. Ms. Pendergrass provided a review of the Joint Audit meeting which was held on February 22, 2022. She stated the items that were presented for informational purposes included the KPPA Archives Policy, the Financial Statements for the quarter ended December 31, 2021, a follow-up on the 2021 Annual Comprehensive Financial Report, Fiscal Year End June 30, 2021 End of Year Audit Requirements,

and the APA Approval Request for the Fiscal Year 2022 External Audit. She indicated that some items were deferred to be presented at a later date including the results of the GASB 68 and GASB 75 Proportionate Share Audits for fiscal year ended June 30, 2021, the results of the Plan Liquidity Audit, Phase 1, and additions to the Current Audit Plan.

Mr. Peercy introduced agenda item *Quarterly Financial Reports*. Ms. Adkins reviewed the Combining Statement of Fiduciary Net Position for both the Pension and Insurance Funds, and the Combining Statement of Changes in Fiduciary Net Position for both the Pension and Insurance Funds, Administrative Budget to Actual Analysis, and Contribution Reports for both Pension and Insurance Funds for all systems. Ms. Pendergrass asked about the status of the possible 25th pay check that was requested by the Finance Cabinet. Ms. Adkins stated that it is in the Budget Bill and it will depend upon which version of the Budget Bill is passed.

Mr. Peercy introduced agenda item *Administrative Expense Allocation*. Ms. Adkins stated that in accordance with statutes, Kentucky Public Pensions Authority has the responsibility of determining how to prorate, assign or allocate to County Employees Retirement System and Kentucky Retirement Systems all expenses incurred by or on behalf of Kentucky Public Pensions Authority. The issue for the Board's consideration is which methodology to utilize to allocate the bulk of the administrative expenses. The KPPA Board assigned the task of researching all allocation options to a work group comprised of Trustees William O'Mara and Prewitt Lane, CEOs John Chilton and Ed Owens, III, David Eager, Rebecca Adkins and Connie Davis. Ms. Adkins reviewed the current allocation calculation which is solely based on the number of members (retired, active and inactive) in each of the pension funds as of June 30th of the prior fiscal year. She stated that the reasoning behind this methodology is that the number of members who require services would be a significant factor in determining the expenses required to service those members.

Ms. Adkins indicated that the goal of this working group was to find a methodology that was both equitable to all plans yet simple enough to maintain transparency and auditability while limiting manual entries. The first methodology reviewed was by membership, which is based on the premise that more membership necessitates more KPPA staff, and staff is a critical component of the administrative expenses. The work group decided there are different types of staffing positions and while some positions increased with membership increases, others did not. Another method reviewed was assets under management were the allocation was based on a percentage of assets

under management as of June 30th of the previous fiscal year. The group determined this method could be used as a driver for investment staff compensation, but not necessarily for the administrative expenses as a whole. The group then looked at an even division between CERS and KRS with a 50/50 split. The primary reasoning on this option is that not all services are membership dependent. For instance, executive leadership is based on defined roles and not on membership. The final option that was considered was a hybrid of membership, 50/50 and assets under management with the premise being that while there is merit to each allocation methodology, none of them were a perfect stand-alone solution. After much discussion and reviewing the goal of being equitable and auditable, the work group decided the hybrid approach was best and calculated one percentage for each Board for all expenses. Ms. Adkins reviewed the calculation method used to determine the percentages attributed to the CERS and KRS systems using this hybrid methodology. Ms. Adkins then reviewed the percentages attributed to both of the systems based on the membership, 50/50, and assets under management.

Mr. Chilton questioned whether there were some administrative expenses that are allocated directly to the systems, such as an actuarial analysis that is plan specific. Ms. Adkins answered that under the current methodology, the actuarial analysis expense is allocated based on membership. She stated that while GRS does split their billing by system, those numbers are not currently used and further stated that the hybrid methodology allocates the actuarial services will be paid at 62.39% to CERS and 37.61% to KRS. Ms. Pendergrass stated if information is given by GRS for plan specific expenses, just like there are plan specific legal expenses, could that information be used to separate the actuarial expenses without being too complicated. Ms. Adkins answered that while that could be done as staff reviews all invoices and would have an opportunity to catch any errors, it removes the simplicity aspect of our approach. Mr. Eager indicated that since the administrative budget and the methodology used to separate the expenses according to plan will be reviewed yearly, there will be an opportunity to modify the methodology for line items such as actuarial services on a yearly basis. Mr. Eager stated that a suggestion was previously made about truing up the administrative expense budget at the end of the fiscal year, and wondered if that was still being considered. Ms. Adkins indicated that since this recommendation is coming in so late, the work group is making this recommendation for the 2022 and 2023 fiscal years. Mr. Peercy questioned the contingency amount line item. He asked if it is listed at a 50/50 split due to the uncertainty of how those funds would be utilized and the likelihood of knowing if those funds, when spent, would be to the benefit of one system over the other. Ms. Adkins stated that this year was the first year that funds were moved

from the contingency monies, and it was needed due the addition of the CEOs and outside counsels for each of the systems which were not previously allocated in the budget. Mr. Percy stated that additional review is needed regarding the allocation of the two CEO positions. Their pay is significantly different, and by lumping those in a 50/50 split category where those salaries are not a true 50/50 allocation, does not seem to be allocated correctly. Ms. Pendergrass indicated that by using the 2022 actual expenses for the 2024 allocations would be a better solution as the figures being used would be actual rather than anticipated. Mr. O'Mara stated that discussions were held regarding whether to do the weighted percentages with or without the contingency amounts. He stated that one argument was that if you do not use the contingency then you are not allocating your whole budget. He questions if we are not going to allocate our whole budget, does the contingency amount need to even be in our budget. Mr. Eager answered that due to uncertainty in staffing, unfilled positions, and in this year in particular, the addition of staff in the Investment Department, all supports having the contingency amount included in the budget. Ms. Adkins stated that when the contingency amount was first placed in the budget, the uncertainty of what would be needed was quite high in that if legislation was passed that required significant changes, the need for outside assistance to allow us to implement those changes would have been great. Mr. Chilton commented that unlike most budgets, if our administrative budget amounts are not utilized, it is just kept in the pension funds and is used to reduce the unfunded liability. He also stated that the actuaries use the actual expenditures in the calculation of the contribution rates. Mr. Percy questioned the legal staff being allocated at a 50/50 split and asked if work performed by the legal staff would be able to be easily determined as work for a particular system, and if that was possible, then perhaps the legal staff should be allocated by membership. Mr. Owens stated that this was the result of compromise between the group involving which staff should be allocated as 50/50 and which should be under membership. Mr. Percy stated that based on the discussions, he would request that the Legal Staff be divided into Advocacy and Non-Advocacy and that the Advocacy Division be allocated by membership and the Non-Advocacy allocated at the 50/50 split. Ms. Adkins added that the only other item regarding the allocation on staff pertains to the Investment Staff which is allocated as Assets under Management. Ms. Adkins reviewed the work group recommendations which included: a hybrid methodology be used to define a fiscal percentage for CERS and KRS, which is calculated at CERS 62.39% and KRS 37.61%, to allow KRS and CERS Boards to determine the split for the plans under their administrative purview, to reevaluate the CER/KRS split prior to the beginning of every fiscal year, make the effective date of the recommended CERS/KRS percentages July 1, 2021 and instruct KPPA accounting staff to make correcting entries to implement that date, and use the

fiscal year 2022 hybrid percentage for fiscal year 2023. Ms. Pendergrass made a motion to accept these recommendations, with the percentages being modified after the changes made regarding the legal staff, and adding that beginning with fiscal year 2024, the analysis of costs and allocations would be based on the actual expenditures for fiscal year 2022 to develop a percentage for fiscal year 2024. Mr. Percy stated that the recommendations did not account for the changes made regarding the legal staff. Mr. Chilton asked if the motion included a true-up for fiscal year 2022. Ms. Pendergrass responded that it would fall under the reevaluation at the beginning of every fiscal year. Mr. O'Mara stated that the question seems to be will there be a true-up at the end of every fiscal year, or will adjustments be made for the allocations and percentages for the next fiscal year, or will it be a combination of both. Ms. Pendergrass stated that during the annual review, invoices can be identified that are out of place and need to be moved, as well as, this analysis would allow the allocations to be tweaked in order to calculate the percentages for the next fiscal year. Ms. Pendergrass further explained this in a two-step method, with step one being to adjust any items for the fiscal year that is ending, and step two would be how does that effect our methodology going forward. Ms. Adkins stated that this would essentially be the same as the true-up for legal expenses that will happen at the end of the fiscal year. Those expenses are currently being tracked, but will be trued-up at the end of the fiscal year. She indicated that this will not change any of the percentages, but may have an effect on the allocations for the next fiscal year. Mr. Chilton stated that there are some direct costs and expenses that will be allocated directly to the systems based on the current language in House Bill 297 and that was not addressed by the work group but will need to be in the future. Mr. Percy stated that he agrees that this work group needs to remain in place for continuing work as long as Mr. Lane and Mr. O'Mara agree to continue their work on this group. He stated that this group can continue to work towards identifying those costs and expenses that are a direct result of the CERS/KRS split. Ms. Pendergrass made an amended motion and was seconded by Mr. Lane to accept the five recommendations from the work group, with the following edits: In number one (1), the percentages will be adjusted to split the KPPA legal staff between Advocacy which will be based on membership and Non-Advocacy which will be based on a 50/50 split; in number three (3), during the annual reevaluation, the accounting department may identify significant costs, identified as costs over \$10,000, which should be a direct charge instead of the allocation method; and adding a number six (6), that beginning in fiscal year 2024, the reevaluation process will be based on the actual costs from fiscal year 2022 and going forward the annual reevaluation would be based on the actual costs rather than the budget estimates. Mr. Chilton questioned how fiscal year 2023 will be handled. Ms. Pendergrass stated that the same adjusted percentages and

allocations that have been identified in the recommendations will be used for fiscal year 2023. Mr. Chilton asked if that would be using the actual costs for fiscal year 2023. Ms. Pendergrass responded that the budget estimates were used in the calculation of the percentages shown in the recommendation. She indicated that those percentages will be adjusted for the legal staff, and then those adjusted percentages will be used for two (2) years, fiscal year 2022 and fiscal year 2023. Ms. Adkins stated that the accounting department will be developing procedures for this process and asked if the Boards would want this detailed in a Board Policy or can Staff just implement the process according to the procedures. Ms. Pendergrass suggested an internal policy would be sufficient to give the Boards time to review, refine and polish prior to creating a Board Policy. Mr. Peercy asked for an update on the percentages once the adjustment has been made for the legal staff. Mr. Peercy requested a roll call vote and the motion passed unanimously.

Mr. Peercy introduced agenda item *Amendments to 105 KAR 1:390*. Ms. Bass requested authorization to file amendments to the retired reemployed regulation which essentially outlines processes and procedures for implementing state and federal requirements for our retired members who want to reemploy with participating employers through a variety of employment arrangements. She indicated that these changes fall into three categories: 1) clarify the existing regulation and incorporate minor changes necessitated by the creation of separate statutes for the County Employees Retirement System; 2) explain how health insurance premium reimbursements will be allocated when a retired member is reemployed by multiple participating employers in a manner that constitutes reemployment in a regular full-time position as defined in statute; and 3) incorporate by reference various forms required for participating employers to be exempt from payment of employer contributions and health insurance premium reimbursements for retired members reemployed as police officers and school resource officers. Ms. Pendergrass asked if the proposed administrative regulation be posted to the KPPA website prior to the public hearing that is scheduled on June 28, 2022. Ms. Bass indicated that historically those proposed regulations have not been posted to the KPPA website as it is not required by KRS 13A, which governs administrative regulations. However, that is something that can be taken under advisement. Ms. Pendergrass suggested that if public comments are being sought regarding the regulation, it would be helpful for the public to make comments if they were able to review it prior to the public hearing. She suggested that the regulation should be posted to the website since the only resource that constituents currently have is the material that is posted for today's meeting and that the public hearing date of June 28, 2022 also be promoted on the website. Mr. Connell made a motion and was seconded by Mr.

Cheshire to approve the amendments to 105 KAR 1:390 and to authorize the office of legal services to file the regulation with LRC. The motion passed unanimously.

Mr. Peercy introduced agenda item *Legislative Updates*. Mr. Eager reviewed two current bills that have the most impact on KPPA. The first bill is House Bill 297, the KPPA housekeeping bill, is a 170 page bill that includes a variety of items included in the bill. One of the items includes the addition of 6 unclassified employees in the Investment Department, removing these positions from under the 18A provisions and thereby allowing KPPA to be more competitive in our search to fill these important and much needed positions. The language included requires the Boards approval of position descriptions and to set salary ranges. Other items that impact KPPA included in the Bill provides the Board conduct an annual review of the Executive Director, provides that we report to the Public Pension Oversight Board annually the detailed number of employees, salaries, changes in salaries and other information, and resolves issues with health insurance coverage by our retired reemployed members who were denied by Medicare as their primary provider.

Mr. Eager stated House Bill 668 was a result of the previous employer appeals regarding House Bill 8, wherein employers were seeking member information that KPPA feels is confidential to the member. KPPA did provide the employers with the names of the members that were associated with the liability assessed to the employer. House Bill 668 specifies that KPPA provide member information to employers, if they request it. He stated that the information that will be released to them will be the same information that is released to GRS. Even though KPPA sees this sharing of information as a potential release of confidential member information, KPPA will comply with statutory requirements.

Mr. Peercy introduced agenda item *KPPA Updates*. Mr. Eager began with KPPA staffing and stated that it is increasingly difficult to recruit and retain employees mainly due to non-competitive salaries. KPPA currently has 250 employees of its approved 270 positions. Mr. Eager praised Marlane Robinson and the Human Resources staff for their hard work in trying to locate and interview potential candidates. He stated that KPPA is currently looking to fill six (6) intern positions in Audit, Communication, IT and Investment departments. He feels this is a great opportunity to provide a service to our Universities and looks forward as more interest grows in providing intern positions in other areas of KPPA.

Mr. Eager announced that May 2nd will be the date that KPPA staff will implement their supervisor-approved work rotation schedules. Ms. Pendergrass asked about repeating the Administrative Study that had been completed in the past by CEM. She indicated that it would be helpful to have an outside agency do a thorough review of our operational costs for a system of our size and complexity. Mr. Eager agreed and stated that information has been received from CEM and this matter will be revisited in the Fall to see if our situation is stable enough to move forward with conducting a new study.

Ms. Adkins reviewed the timeline for the Actuary Request for Proposal. She stated that the current contract for actuarial services has no more renewals, and in accordance with KRS 45A, the Kentucky Model Procurement Code, KPPA has posted a request for proposal for these services for fiscal year 2023. This was provided for informational purposes only.

Mr. Peercy introduced agenda item – *New Business*. Mr. Peercy stated that there is no new business to discuss.

Mr. Peercy introduced agenda item – *Closed Session*. Mr. Peercy indicated that there will be no need for a closed session at this time.

Mr. Peercy gave Mr. Connell a chance to have time to express his final words as he will be leaving the Board at the end of March.

Mr. Powell made a motion and was seconded by Mr. Connell to adjourn the meeting. The motion passed unanimously.

Copies of all documents presented are incorporated as part of the Minutes of the KPPA Board held March 24, 2022 except documents provided during a closed session conducted pursuant to the open meetings act and exempt under the open records act.

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CERTIFICATION

I do certify that I was present at this meeting, and I have recorded the above actions of the Board 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 Kentucky Public Pensions Authority and Executive Director, do certify that the Minutes of Meeting held on March 24, 2022 were approved on April 28, 2022.

KPPA Board Chair

Executive Director

I have reviewed the Minutes of the March 24, 2022 Kentucky Public Pensions Authority Meeting for content, form, and legality.

Executive Director. Office of Legal Services



KENTUCKY PUBLIC PENSIONS AUTHORITY

David L. Eager, Executive Director

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To: Kentucky Public Pensions Authority

From: Betty Pendergrass, CPA, CGFM, Chair
Joint Audit Committee
Kristen N. Coffey, CICA *KNC*
Division Director, Internal Audit Administration

Date: April 28, 2022

Subject: Summary of Joint Audit Committee Meeting

The County Employees Retirement System (CERS) and Kentucky Retirement Systems (KRS) Joint Audit Committee held a special called meeting on April 7, 2022.

1. The following items were approved by the Joint Audit Committee and were ratified by both the CERS Board of Trustees and KRS Board of Trustees. The Joint Audit Committee together with the Board for Trustees for CERS and KRS are requesting that the Kentucky Public Pensions Authority (KPPA) ratify these decisions:
 - a. **Additions to the Annual Audit Plan – Seven audits have been added to the prior approved audit plan.*** – The Joint Audit Committee approved the additions to the audit plan as submitted and recommended submitting the plan to KPPA for review.
Passed unanimously.

RECOMMENDATION: The Joint Audit Committee requests that KPPA ratify the actions taken by the Joint Audit Committee.

2. The Plan Liquidity Audit was presented and discussed. It will be discussed further at the next Audit Committee meeting on May 24, 2022.

***KPPA action may be required**



Kentucky Public Pensions Authority

Internal Audit Administration



To: Members of the Joint Audit Committee

From: Kristen N. Coffey, CICA *KNC*
Division Director, Internal Audit Administration

Date: April 7, 2022

Subject: Additions to the Internal Audit Plan

The Division of Internal Audit Administration (Division) has authority to look at all areas of operation within the Kentucky Public Pensions Authority (KPPA). The goal of the Division is to ensure areas are complying with established regulations as well as to suggest ways to increase the efficiency of processes. The Division works with the Joint Audit Committee as well as the Executive Management teams of KPPA, the County Employees Retirement System (CERS), and the Kentucky Retirement Systems (KRS) to identify the highest risk areas. The Division is currently working on an overall agency Risk Assessment. Once that Risk Assessment is completed, an Audit Plan will be presented for approval.

During audits, Division staff routinely make recommendations for future audit consideration. The following items have been identified as areas of potential risk and the Division is requesting approval to add these to the current audit plan.

1. Review of all JP Morgan Chase accounts.
 - There are several bank accounts kept at JP Morgan Chase. This audit would include documenting the purpose of each account, reviewing the cash flows in and out of the accounts, assessing how the funds available in the account are handled at year-end, and determining how the balances in these accounts are reported to management and the Boards.
2. Review of Administrative Expenses, including plan specific expenses.
 - Administrative expenses are shared between CERS and KRS. This audit would look at how the administrative expenses are allocated. This process is still in development. We would perform this audit after the process is officially in place.
3. Review of the employer contribution process, including the balancing process.
 - Employers submit contributions to KPPA each month. This audit would include recalculating the amount of the contribution owed to KPPA, verifying that the amounts received are accurate, and documenting how amounts received are balanced.
4. Review of cash receipt process.
 - The KPPA office still receives checks for some payments. This audit would look at how KPPA handles receipt of the checks to ensure the checks are deposited timely and stored securely. In addition to working with the Division of Accounting, this audit would include speaking to other divisions who have reported that checks are occasionally received by their staff.

5. Review of investment manager and performance fee reconciliations.
 - KPPA pays various fees to investment managers. This audit would recalculate the amount of the fee owed and ensure the proper amount was paid. It would also look at the review process for these payments. These amounts are posted to the KPPA website. As a part of this audit, we would ensure the amount posted on the website accurately reflects the amount paid.
6. Review of the investment reconciliation between BNY Mellon and Great Plains.
 - Investment related information from BNY Mellon is uploaded into the general ledger, which is used in the generation of the KPPA financial statements. This audit would reconcile the information in the general ledger to BNY Mellon to ensure it is accurate.
7. Review of the process for investing direct repo.
 - Investment directors follow a process to calculate the repo for each day. This audit would look at the documented process and ensure it is up-to-date with current practices. This audit would also look at the approval process for these transactions.

On February 11, Internal Audit staff requested to add to the current audit plan a review of the process followed by KPPA staff to update an individual's death status in the KPPA system. Approval to begin this audit was granted on February 14 and this audit is currently in progress.

Action Needed: We request the Joint Audit Committee approve the additions to the current Audit Plan.



KENTUCKY PUBLIC PENSIONS AUTHORITY

David L. Eager, Executive Director
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To: Kentucky Public Pensions Authority Board
 From: Rebecca H Adkins, Deputy Executive Director
 Date: April 28, 2022
 Subject: Allocation of Administrative Expenses FY 2022 and FY 2023 - UPDATE

At the KPPA quarterly meeting on March 24, 2022, the KPPA Board elected to adopt the recommendations presented by the Cost Allocation Work Group with one change. They asked that staff of Legal Advocacy be moved from a 50/50 allocation to a membership allocation due to the majority of this group’s workload being attributable to disability cases. The remainder of Legal would stay at the 50/50 allocation.

KPPA agreed that the hybrid allocation would be used for FY22 and for FY23 and would be reevaluated every following year.

Additionally, the KPPA Board decided that the CERS Board and the KRS Board should decide how to allocate the administrative expenses assigned to CERS or KRS among the plans that are controlled by the Boards. CERS met on April 20, 2022, and determined to base the CERS nonhazardous and hazardous split on membership.

The hybrid percentages presented on March 24:

KRS 37.61%
 CERS 62.39%

The updated hybrid percentages after changing the allocation for legal advocacy staff:

KRS 37.32%
 CERS 62.68%

	Membership as of 6/30/21	Percentage of Membership	Percentage of Admin Expenses
CERS Nonhazardous	239,626	91.87%	57.58%
CERS Hazardous	21,195	8.13%	5.10%

This memo is for informational purposes.

Presented on March 24:

Budget Category	Allocation Method	Budgeted FY22	CERS	KRS
Membership as of 6/30/21		100.00%	65.04%	34.96%
50/50		100.00%	50.00%	50.00%
AUM (pension only) as of 6/30/21		100.00%	73.04%	26.96%
PERSONNEL				
KPPA Staff	Mem	\$29,665,107	\$19,294,186	\$10,370,921
KPPA Exec	50/50	\$1,300,000	\$650,000	\$650,000
KPPA Legal	50/50	\$2,500,000	\$1,250,000	\$1,250,000
KPPA Investments	AUM	\$2,100,000	\$1,533,840	\$566,160
Legal contracts	50/50	\$725,000	\$362,500	\$362,500
Auditing	50/50	\$118,350	\$59,175	\$59,175
Actuarial Services	50/50	\$700,000	\$350,000	\$350,000
Medical Examiners/Hearing Off.	Mem	\$1,284,600	\$835,504	\$449,096
Other Services (facility security, HR consults, misc contracts)	50/50	\$153,350	\$76,675	\$76,675
OPERATIONAL				
Building Rental (Frkt)	Mem	\$1,100,000	\$715,440	\$384,560
Operations (IT,Lville rent, travel, dues, office supplies)	Mem	\$4,294,137	\$2,792,907	\$1,501,230
Contingency	50/50	\$4,064,956	\$2,032,478	\$2,032,478
TOTALS		\$48,005,500	\$29,952,704	\$18,052,796
Hybrid Percentage			62.39%	37.61%

Updated hybrid percentages:

Budget Category	Allocation Method	Budgeted FY22	CERS	KRS
Membership as of 6/30/21		100.00%	65.04%	34.96%
50/50		100.00%	50.00%	50.00%
AUM (pension only) as of 6/30/21		100.00%	73.04%	26.96%
PERSONNEL				
KPPA Staff	Mem	\$29,665,107	\$19,294,186	\$10,370,921
KPPA Exec	50/50	\$1,300,000	\$650,000	\$650,000
KPPA Legal	50/50	\$1,600,000	\$800,000	\$800,000
KPPA Legal Advocacy	Mem	\$900,000	\$585,360	\$314,640
KPPA Investments	AUM	\$2,100,000	\$1,533,840	\$566,160
Legal contracts	50/50	\$725,000	\$362,500	\$362,500
Auditing	50/50	\$118,350	\$59,175	\$59,175
Actuarial Services	50/50	\$700,000	\$350,000	\$350,000
Medical Examiners/Hearing Off.	Mem	\$1,284,600	\$835,504	\$449,096
Other Services (facility security, HR consults, misc contracts)	50/50	\$153,350	\$76,675	\$76,675
OPERATIONAL				
Building Rental (Frkt)	Mem	\$1,100,000	\$715,440	\$384,560
Operations (IT,Lville rent, travel, dues, office supplies)	Mem	\$4,294,137	\$2,792,907	\$1,501,230
Contingency	50/50	\$4,064,956	\$2,032,478	\$2,032,478
TOTALS		\$48,005,500	\$30,088,064	\$17,917,436
Hybrid Percentage			62.68%	37.32%

KPPA Meeting - Administrative Expense Allocation Update

KPPA Personnel Executive	KPPA Personnel Legal	KPPA Personnel Legal Advocacy	KPPA Personnel Investments	CERS/KRS Personnel
50/50	50/50	MEM	AUM	MEM
David Eager	Andrea Freadreacea	Carrie Slayton	Anthony Chiu	Ed Owens
Rebecca Adkins	Barry Seidl	Kathy Rupinen	Carol Johnson	John Chilton
Michael Board	Beth Camic	Kevin Edelman	Jared Crawford	
Sherry Rankin	Carrie Bass	Laura Stevens	Joe Gilbert	
Ashley Gabbard	Crystal Smith	Leigh Ann Davis	Steve Willer	
	Jenny Jones	Nathan Goodrich	Steven Herbert	
	Jessica Beaubien	Paralegal		
	Jillian Hall	Staff Attorney III		
	Kristi Wackowski	Staff Attorney Supervisor		
	Legal Secretary			
	Lisa Perry			
	Staff Attorney III			
	Tracy Chambers			
	Vicki Hale			

KENTUCKY PUBLIC PENSIONS AUTHORITY

TO: Members of the Board

FROM: David L. Eager
Executive Director

DATE: April 28, 2022

SUBJECT: Service Recognition Awards

In 1988, the Board elected to annually recognize members of the staff for their service to the Board and the members of CERS, KERS, and SPRS. Certificates and pins are given for each five-year period an employee has been on the retirement systems' staff.

The following **8** employees will receive their **five-year** service award:

Melinda Wofford	Employer Reporting, Compliance and Education
Lindsey Pierson	Enterprise and Technology Services
David L. Eager	Kentucky Public Pensions Authority
Ryan Moore	Member Services
Milagros Stivers	Membership Support
Anthony Chiu	Office of Investments
Jared Crawford	Office of Investments
Kasey Redmon	Retiree Services Payroll

The following **3** employees will receive their **ten-year** service award:

Jana Pinkston	Disability and Survivor Benefits
Carrie Bass	Legal Non-Advocacy
Lana Hammond	Retiree Health Care

The following **3** employees will receive their **fifteen-year** service award:

Chris E. Johnson	Enterprise and Technology Services
Carrie Cosby	Quality Assurance
Ashley Woolums	Retiree Health Care

The following **13** employees will receive their **twenty-year** service award:

Katherine Rupinen	Advocacy
Matt Guyer	Employer Reporting, Compliance and Education
Kathleen Risen	Employer Reporting, Compliance and Education
Glenna Frasher	Enterprise and Technology Services
Holly Thompson	Enterprise and Technology Services
Michelle Burkhead	Member Services
Bobbi King	Quality Assurance
Cherry Kemper	Quality Assurance
James E. Davis	Quality Assurance
James Isaacs	Quality Assurance
Jeff Axon	Quality Assurance
Brian Towles	Retiree Health Care
Warren Luyster	Retiree Health Care

The following **4** employees will receive their **twenty five-year** service award:

Lisa Stivers	Employer Reporting, Compliance and Education
Lori Casey	Human Resources
Lisa C. Smith	Quality Assurance
Abigail Sutherland	Retiree Health Care



KPPA
Kentucky Public Pensions Authority

Annual Service Recognition Awards

April 28, 2022

 **KPPA**
Kentucky Public Pensions Authority **Five Years**

Melinda Wofford

Employer Reporting, Compliance
and Education



Lindsey Pierson

Enterprise and Technology
Services



David L. Eager

Kentucky Public Pensions
Authority



Ryan Moore

Member Services



Milagros Stivers

Membership Support



Anthony Chiu

Office of Investments

Jared Crawford

Office of Investments



Kasey Redmon

Retiree Services Payroll





Jana Pinkston

Disability and Survivor
Benefits



Carrie Bass

Legal Non-Advocacy



Lana Hammond

Retiree Health Care





Fifteen Years

Chris E. Johnson

Enterprise and
Technology Services



Carrie Cosby

Quality Assurance



Ashley Woolums

Retiree Health Care





Twenty Years

- | | |
|-------------------|--|
| Katherine Rupinen | Advocacy |
| Matt Guyer | Employer Reporting, Compliance and Education |
| Kathleen Risén | Employer Reporting, Compliance and Education |
| Glenna Frasher | Enterprise and Technology Services |
| Holly Thompson | Enterprise and Technology Services |
| Michelle Burkhead | Member Services |
| Bobbi King | Quality Assurance |
| Cherry Kemper | Quality Assurance |
| James E. Davis | Quality Assurance |
| James Isaacs | Quality Assurance |
| Jeff Axon | Quality Assurance |
| Brian Towles | Retiree Health Care |
| Warren Luyster | Retiree Health Care |





Twenty Five Years

Lisa Stivers

Employer Reporting, Compliance and Education



Lori Casey

Human Resources

Lisa C. Smith

Quality Assurance



Abigail Sutherland

Retiree Health Care