

**Kentucky Retirement Systems Board of Trustees
Quarterly Board Meeting
June 6, 2022, 10:00 a.m. EST
Live Video Conference/Facebook Live
AGENDA**

- | | |
|--|---|
| 1. Call to Order | Lynn Hampton |
| 2. Legal Public Statement | Office of Legal Services |
| 3. Roll Call/Public Comment | Sherry Rankin |
| 4. Approval of Minutes – April 12, 2022* | Lynn Hampton |
| 5. CEO John Chilton – Contract Renewal* | Lynn Hampton |
| 6. PPW Board of Directors Election* | Steve Willer
Rebecca Adkins
Keith Percy |
| 7. SPRS Valuation Update* | Danny White
Janie Shaw |
| 8. Review and Approve Actuarial Assumptions* | Danny White
Janie Shaw |
| 9. FY23 Administrative Expense Allocation
Plan Percentages* | Rebecca Adkins |
| 10. Quarterly Performance Reports | Steve Willer |
| 11. Quarterly Financial Statements | Rebecca Adkins |
| 12. Joint Audit Committee Report* | Lynn Hampton |
| 13. Joint Retiree Health Plan Committee Report | Connie Pettyjohn |
| 14. Hazardous Duty Requests* | D’Juan Surratt |
| 15. KRS Update | John Chilton |
| 16. KPPA Update | David Eager |
| 17. New Business** | Lynn Hampton |
| 18. Closed Session** | Lynn Hampton |
| 19. Adjourn* | Lynn Hampton |

**Board Action Required*

***Board Action May Be Required*

MINUTES OF MEETING
BOARD OF TRUSTEES KENTUCKY RETIREMENT SYSTEMS
APRIL 12, 2022 AT 10:00 AM ET
VIA LIVE VIDEO TELECONFERENCE

At the meeting of the Kentucky Retirement Systems Board of Trustees held on April 12, 2022, the following members were present: Keith Peercy, David Adkins, Bruce Brown, John Cheshire, Joseph Grossman, Lynn Hampton, Prewitt Lane, Dr. Crystal Miller, and Pamela Thompson. Staff members present were KRS CEO John Chilton, CERS CEO Ed Owens, III, Erin Surratt, Steven Herbert, Victoria Hale, Connie Pettyjohn, Kristen Coffey, Connie Davis, Jared Crawford, D’Juan Surratt, Carrie Bass, Leigh Ann Davis, Ashley Gabbard, Phillip Cook, and Sherry Rankin.

Mr. Peercy called the meeting to order.

Ms. Hale read the Legal Public Statement.

Ms. Rankin stated there was no public comment received.

Mr. Peercy introduced agenda item *New Trustee Introduction and Oath of Office*. Ms. Rankin administered the Oath of Office to the newly elected Trustees, Dr. Crystal Miller and Mr. David Adkins.

Ms. Rankin called the roll.

Mr. Peercy introduced agenda item *Approval of Minutes – March 2, 2022 and March 31, 2022*. A motion was made by Ms. Hampton and seconded by Mr. Grossman to approve all of the minutes as presented. The motion passed unanimously.

Mr. Peercy introduced agenda item *Trustee Vacancies*. Mr. Chilton announced that at the end of March 2022, terms ended for a couple of elected Trustees, Campbell Connell and Larry Totten. He thanked both for their service on the Board and contributions they made to the Board and the retirement systems as a whole. He introduced and welcomed the two newly elected Trustees, Mr. David Adkins and Dr. Crystal Miller.

Mr. Chilton stated that there are three (3) Trustees who were appointed to fulfill vacancies on the Board and are subject to confirmation by the Senate. He explained that the appointments would be

in effect until the Senate confirms, and then the Trustees would fulfill the rest of the term. If a Trustee did not receive confirmation by the Senate, the Trustees term would end at the conclusion of the legislative session. Currently, the three (3) KRS Trustees have not yet been brought up before the Senate for a vote, therefore, they will remain until the vote has occurred.

Mr. Percy introduced agenda item *Results of the 2022 KERS Election*. Ms. Coffey stated that the election was certified on March 15, 2022 and is seeking a vote by the Board to accept the results outlined in the Election America's certification letter and to declare the election final. A motion was made by Mr. Grossman and seconded by Mr. Cheshire to accept the results of the KRS election as presented and to declare the election final. The motion passed unanimously.

Mr. Percy introduced agenda item *KRS Regulations – 105 KAR 1:450 and 105 KAR 1:450E*. Ms. Bass discussed the proposed new regulations, 105 KAR 1:450 and 105 KAR 1:450E, which specifically addresses and clarifies the process for certain Quasi-governmental employers to provide information to the KPPA on certain independent contractors of these employers. She stated that this new administrative regulation is in response to the updates the legislation made to KRS 61.5991. A new form has been created for the employer to provide the information to KPPA that staff will use to determine if employees of a participating quasi-governmental employer are in regular full-time positions. She indicated that this regulation will also clarify how KPPA staff will define the data based on the information received from the quasi-governmental employers that must be provided annually to the state budget director's office and the Legislative Research Commission. Mr. Adkins questioned the omission of Council for State Government in the exemption paragraph of the regulation. Ms. Bass indicated that was an oversight and that she would ensure the addition of the Council for State Government to the exemption paragraph prior to the filing of the regulation. A motion was made by Mr. Lane and seconded by Mr. Cheshire to approve the filing of the administrative regulations 105 KAR 1:450 and 105 KAR 1:450E with the additions as discussed. The motion passed unanimously.

Mr. Percy introduced agenda item *Election of KRS Board of Trustee Officers – Chair and Vice Chair*. Before introducing Mr. Chilton to present this agenda item, Mr. Percy announced that he is time-limited, due to statute, and will be prohibited from holding the office of Chair or Vice Chair. Mr. Chilton further explained that no one Trustee can hold the office of Chair or Vice Chair for more than 4 consecutive years. Mr. Chilton opened the floor for nominations for Chair and Vice-Chair of the KRS Board of Trustees. Mr. Percy nominated the slate of Lynn Hampton as Chair

and Prewitt Lane as Vice-Chair. Mr. Cheshire seconded the nomination and Mr. Adkins moved that the nominations cease and that slate be approved by acclamation. Mr. Chilton asked Ms. Rankin for a roll call vote and the motion passed unanimously.

Mr. Chilton introduced agenda item *Committee Assignments*. Mr. Chilton turned this item over to the newly elected Chair, Ms. Hampton. Ms. Hampton thanked the Board for their vote of confidence and Mr. Percy for being available to answer her questions, Mr. Chilton and Mr. Eager for their assistance as she learns more about the systems, and Ms. Pendergrass for sharing her knowledge regarding procedures and processes about the systems. Ms. Hampton indicated that she is working on the committee assignments, and will be reaching out to all of the Trustees to discuss their preference on the committees in which they would like to participate. She stated that Mr. Percy will remain on the DAC/ACC Committee, Investment Committee, and the KPPA Board. She asked that while this process of assigning these committees is taking place, each Board member should contact her with their preference for which committee they would like to be assigned and to continue with any current assignment until all has been finalized. Ms. Hampton requested a volunteer to sit on the Joint Audit Committee and explained the structure of the committee which has two (2) Trustees from the KRS Board and two (2) Trustees from the CERS Board. Ms. Hampton stated that she will be working hard over the next few weeks to finalize the committee assignments.

Ms. Hampton introduced agenda item *KPPA Update*. Ms. Adkins provided the KPPA Update as Mr. Eager was not able to attend the meeting. Ms. Adkins stated that the largest update with KPPA is current legislation. She stated that Shawn Sparks, the Director of Communications, does a fantastic job of keeping all of KPPA and the Trustees apprised of legislation that has an effect upon the systems. She indicated that HB 297 and HB 668 are two bills that Mr. Sparks is closely following and he will send updates as soon as possible. Ms. Adkins explained that the KPPA Housekeeping Bill, HB 297, was vetoed by the Governor and KPPA has requested that the veto be overridden. Mr. Percy commented that it appeared the Governor's veto message was unfounded and unwarranted as it was based upon a theory that these positions could be viewed as being politically based. Mr. Percy explained that the Board was given the current two (2) positions outside of the 18A provisions, and the salaries that were agreed upon for those positions do not align with those mentioned in the Governor's veto message.

Ms. Adkins announced the passage of two (2) bills that have an effect upon KPPA. The first being HB 49 which relates to the exemption of overtime during a state of emergency and effects pension spiking matters. The other, HB 76, requires the Boards to do an experience study of economic assumptions every two (2) years instead of the current five (5) years.

Ms. Hampton introduced agenda item *KRS Update*. Mr. Chilton stated that many hours have been spent on the current legislation session, especially on HB 297. There was considerable controversy with that Bill. Essentially this Bill attempted to change the current law which states that the CERS Funds will bear the cost of excess amounts associated with the separation of the Boards to placing an expiration date of those costs being charged to the CERS Funds. After a multitude of meetings with the legislature, the final outcome was that there will be an expiration date of fiscal year 2023, but there will be a reporting to the Public Pension Oversight Board of those types of expenses so that they can understand the real effects of the separation costs incurred by the reorganization of the Boards.

Mr. Chilton indicated that work is continuing on the litigation cases as some are seeing some movement. More information on these will be sent to the Trustees to keep you up to date on the current litigation cases and strategies.

Ms. Hampton stated that the Joint Audit Committee met on April 7, 2022 and asked Ms. Coffey to provide further details regarding the request being brought before the Board. Ms. Coffey explained that while conducting a recent audit, additional risks related to the areas under review were brought to the attention of the internal audit staff. The Internal Audit Division requested further reviews on these areas and sought approval from the Joint Audit Committee, who approved the additions to the audit plan unanimously. The additional audits included in this request are a review of the JP Morgan Chase accounts; review of the Administrative Expenses, including plan specific expenses; review of the employer contribution process, including the balancing process; review of cash receipt process; review of investment manager and performance fee reconciliations; review of the investment reconciliation between BNY Mellon and Great Plains; and review of the process for investing direct repo. She stated that Internal Audit is seeking ratification of the actions taken by the Joint Audit Committee and recommended that the KPPA representatives on the KRS Board take these items to KPPA for consideration. A motion was made by Mr. Cheshire and seconded by Mr. Grossman to approve the additions to the current audit plan. The motion pass unanimously.

Ms. Hampton introduced agenda item *Closed Session*. A motion was made by Mr. Peercy and seconded by Mr. Grossman to go in to closed session. The motion passed unanimously.

Mr. Peercy read the following statement and the meeting moved into closed session:

A motion having been made in open session to move into a closed session for a specific purpose, and such motion having carried by majority vote in open, public session, the Board shall now enter closed session to consider litigation, pursuant to KRS 61.810(1)(c), because of the necessity of protecting the confidentiality of the Systems' litigation strategy and preserving any available attorney-client privilege. All public attendees exited the meeting.

Ms. Hampton called the meeting back to open session. There being no action taken during the closed session, Ms. Hampton opened the floor for a motion to adjourn. Mr. Peercy made a motion and seconded by Mr. Cheshire to adjourn the meeting. The motion passed unanimously.

Copies of all documents presented are incorporated as part of the Minutes of the Board of Trustees held April 12, 2022 except documents provided during a closed session conducted pursuant to the open meetings act and exempt under the open records act.

The remainder of this page left blank intentionally

CERTIFICATION

I do certify that I was present at this meeting, and I have recorded the above actions of the Trustees 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

I, the Chair of the Board of Trustees of the Kentucky Retirement Systems, do certify that the Minutes of Meeting held on April 12, 2022 were approved on June 6, 2022.

Chair of the Board of Trustees

I have reviewed the Minutes of the April 12, 2022 Board of Trustees Meeting for content, form, and legality.

Executive Director
Office of Legal Services

Perimeter Park West, Inc.

1260 Louisville Road, Frankfort, Kentucky, 40601
502-696-8462

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON JUNE 21, 2022

May 28, 2022

Kentucky Retirement Systems
c/o Steven Herbert, CIO
Kentucky Public Pensions Authority
1260 Louisville Road
Frankfort, Kentucky 40601

Sent Via E-mail
steven.herbert@kyret.ky.gov

Re: Perimeter Park West, Inc.'s Annual Shareholder Meeting


Dear Mr. Herbert:

Pursuant to the By-Laws of Perimeter Park West, Inc., ("PPW"), notice is hereby given that the Annual Meeting of the Shareholders of Perimeter Park West, Inc., (PPW), a Commonwealth of Kentucky Corporation, will be held in PPW's offices located at 1270 Louisville Road, Frankfort, Kentucky, and via Zoom, at 10 a.m. on June 21, 2022, for the purpose of considering and voting on the following matter:

1. The election of Directors for the year beginning 2022 and ending 2023.

Only those Shareholders of record shall be entitled to notice of and to vote in person or by proxy on all matters to be voted upon at the Annual Meeting. In the event you wish to have a proxy vote your shares for you, please have your proxy complete and submit the attached proxy ballot. If you wish to attend in person, please mark where indicated on the proxy ballot and return to PPW by June 16, 2022.

By order of the Board of Directors of Perimeter Park West, Inc.



Sherry Rankin, Secretary

5/28/2022

Dated

SR/
Attachment

**ANNUAL MEETING OF SHAREHOLDERS OF
PERIMETER PARK WEST, INC.
JUNE 21, 2022**

PROXY BALLOT TO VOTE FOR BOARD OF DIRECTORS

THE PPW OFFICERS RECOMMEND THE FOLLOWING SLATE OF CANDIDATES:

John Cheshire, III (Kentucky Employees Retirement System representative)

Keith Percy (State Police Retirement System representative)

Jerry W. Powell (County Employees Retirement System representative)

- FOR ALL NOMINEES
- AGAINST ALL NOMINEES
- WITHHOLD AUTHORITY TO VOTE FOR ANY
INDIVIDUAL NOMINEE. WRITE THE NAME OF THE
NOMINEE(S) FROM WHICH THE VOTE IS
WITHHELD BELOW:
-

The undersigned hereby votes and records all votes in respect of all shares held by the undersigned in the above Corporation in the manner indicated above.

*BALLOTS WILL BE COUNTED AT THE ANNUAL SHAREHOLDERS MEETING TO BE HELD
ON JUNE 21, 2022 at 10:00 a.m. E.T.*

OR

Place an "X" here if the KRS Board plans to attend and vote their shares in person at the meeting. If the KRS Board plans to attend the annual shareholder's meeting in person, you can check this box and have the KRS Board vote for the Board of Directors in person, rather than voting by proxy.

Signature KRS Chair

Kentucky Retirement Systems (KRS)

*****This form must be returned to PPW by 4:30 p.m. on June 16, 2022*****

State Police Retirement System (SPRS)

Amended Actuarial Valuation Report
as of June 30, 2021

As Required by House Bill 1 Enacted During
the 2022 Legislative Session





May 3, 2022

Board of Trustees
Kentucky Retirement Systems
Perimeter Park West
1260 Louisville Road
Frankfort, KY 40601

Subject: SPRS Amended Actuarial Valuation as of June 30, 2021

Dear Trustees of the Board:

The Kentucky Retirement Systems (KRS) Board adopted the June 30, 2021 actuarial valuation of the State Police Retirement System (SPRS) in December of 2021. In addition to that report documenting changes in SPRS's financial condition and various summaries of the data, the report communicated the actuarially determined employer contribution rates for fiscal years ending June 30, 2023 and June 30, 2024.

House Bill 1 enacted during the 2022 legislative session included a \$215 million appropriation from the General Fund to be paid in the fiscal year ending June 30, 2022 to the State Police Retirement System pension fund. This legislation also specified that the KRS Board adopt an amended actuarial valuation as of June 30, 2021 that reflects the approved appropriation and provide a copy of the updated report to the Legislative Research Commission by June 1, 2022. The purpose of this report is to satisfy the amended valuation report disclosure requirement in House Bill 1.

Since House Bill 1 did not change the actuarially accrued liability or the plan asset information previously determined by the actuarial valuation for the pension and insurance funds, this amended report is limited to documenting the change in actuarially determined contribution requirement for the pension fund to reflect the \$215 million appropriation. This report complements the valuation report as of June 30, 2021, dated December 2, 2021 and together these reports should be considered as a complete actuarial valuation report as of June 30, 2021.

FINANCING OBJECTIVES AND FUNDING POLICY

The contribution rates determined by this actuarial valuation are intended to become effective twelve months after the valuation date and, as such, are intended to be used by the Board for recommending required contribution rates effective July 1, 2022, as well as the subsequent fiscal year beginning July 1, 2023 and ending June 30, 2024.

Board of Trustees
May 3, 2022
Page 2

We believe the \$215 million appropriation scheduled to be paid to the pension fund will materially increase the financial sustainability of pension fund as that appropriation is approximately equal to 20% of the \$1,053 million total actuarial accrued liability of the fund as of the valuation date.

The corresponding new payroll-based employer contribution rate continues to be determined in accordance with Section 61.565 of Kentucky Statute. As specified by the Statute, the employer contribution is comprised of a normal cost contribution and an actuarial accrued liability contribution. The actuarial accrued liability contribution is calculated by amortizing the unfunded accrued liability as of June 30, 2019 over a closed 30-year amortization period (28 years remaining as of June 30, 2021). Gains and losses incurring in years after June 30, 2019 are amortized as separate closed 20-year amortization bases. Following these Statute provisions, the budgeted appropriation for FYE 2022 is recognized as a change in the unfunded liability and amortized in the most recent amortization base (i.e. the one established in the June 30, 2021 actuarial valuation).

CERTIFICATION

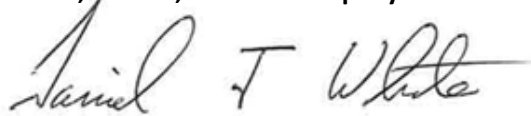
We certify that the information presented herein is accurate and fairly portrays the actuarial position of SPRS as of June 30, 2021. The only change in this amended valuation report is the inclusion of FYE 2022 appropriation in the calculation of the employer contribution rate. It is possible that there is other legislation enacted during the 2022 legislative session that will impact the SPRS pension or insurance funds. The effects of that legislation will be incorporated in the June 30, 2022 actuarial valuation.

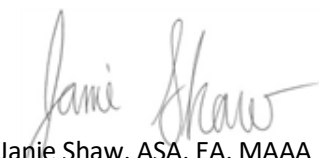
All of our work conforms with generally accepted actuarial principles and practices, and is in conformity with the Actuarial Standards of Practice issued by the Actuarial Standards Board. In our opinion, our calculations also comply with the requirements of Kentucky Code of Laws and, where applicable, the Internal Revenue Code, ERISA, and the Statements of the Governmental Accounting Standards Board.

The undersigned are independent actuaries and consultants. Both of the undersigned are Enrolled Actuaries, Members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. Both of the undersigned are experienced in performing valuations for large public retirement systems. This communication shall not be construed to provide tax advice, legal advice or investment advice.

Sincerely,

Gabriel, Roeder, Smith & Company


Daniel J. White, FSA, EA, MAAA
Senior Consultant


Jamie Shaw, ASA, EA, MAAA
Consultant



Summary of Principal Results
(Dollar amounts expressed in thousands)

	SPRS		
	June 30, 2021		June 30, 2020
	Amended	Original	Reported
Actuarially Determined Contribution:			
Retirement	85.32%	126.40%	127.99%
Insurance	<u>14.11%</u>	<u>14.11%</u>	<u>18.07%</u>
Total	99.43%	140.51%	146.06%
General Fund Appropriation in FY 2022	\$215,000	\$0	N/A
Contribution Rate for Next Fiscal Year¹	99.43%	140.51%	146.06%
Assets:			
Retirement			
• Actuarial value (AVAR)	\$323,250	\$323,250	\$296,126
• Market value (MVAR)	\$356,346	\$356,346	\$293,949
• Ratio of actuarial to market value of assets	90.7%	90.7%	100.7%
Insurance			
• Actuarial value (AVAI)	\$223,251	\$223,251	\$207,018
• Market value (MVAI)	\$247,318	\$247,318	\$201,340
• Ratio of actuarial to market value of assets	90.3%	90.3%	102.8%
Funded Status:			
Retirement			
• Actuarial accrued liability	\$1,053,259	\$1,053,259	\$1,053,158
• Unfunded accrued liability on AVAR	\$730,009	\$730,009	\$757,032
• Funded ratio on AVAR	30.7%	30.7%	28.1%
• Unfunded accrued liability on MVAR	\$696,913	\$696,913	\$759,209
• Funded ratio on MVAR	33.8%	33.8%	27.9%
Insurance			
• Actuarial accrued liability	\$272,406	\$272,406	\$276,144
• Unfunded accrued liability on AVAI	\$49,155	\$49,155	\$69,126
• Funded ratio on AVAI	82.0%	82.0%	75.0%
• Unfunded accrued liability on MVAI	\$25,088	\$25,088	\$74,804
• Funded ratio on MVAI	90.8%	90.8%	72.9%
Membership:			
• Number of			
- Active Members	775	775	798
- Retirees and Beneficiaries	1,673	1,673	1,669
- Inactive Members	634	634	589
- Total	<u>3,082</u>	<u>3,082</u>	<u>3,056</u>
• Projected payroll of active members	\$45,338	\$45,338	\$46,145
• Average salary of active members	\$58,501	\$58,501	\$57,826

¹ Contribution rates calculated with the June 30, 2021 valuation are effective for fiscal years ending June 30, 2023 and June 30 2024. Rates calculated with the June 30, 2020 valuation are effective for the fiscal year ending are effective for the fiscal year ending June 30, 2022.



Amortization of Unfunded Liability**Retirement**

<u>Valuation Year Base Established</u>	<u>Original Amortization Base</u>	<u>Remaining at June 30, 2021</u>	<u>FY 2022 Appropriation</u>	<u>Adjusted Amortization Base</u>	<u>Payments for FYE 2023</u>	<u>Funding Period at June 30, 2021</u>
June 30, 2019	\$ 763,156	\$ 741,687	N/A	\$ 741,687	\$ 49,853	28
June 30, 2020	3,748	5,105	N/A	5,105	420	19
June 30, 2021	(16,783) ¹	(16,783)	(215,000)	(231,783)	(20,021)	20
Total		\$ 730,009	\$ (215,000)	\$ 515,009	\$ 30,252	
Projected Payroll for FYE 2023					\$ 45,338	
Amortization Payments as a Percentage of Payroll					66.72%	

Insurance

<u>Valuation Year Base Established</u>	<u>Original Amortization Base</u>	<u>Remaining at June 30, 2021</u>	<u>FY 2022 Appropriation</u>	<u>Adjusted Amortization Base</u>	<u>Payments for FYE 2023</u>	<u>Funding Period at June 30, 2021</u>
June 30, 2019	\$ 79,414	\$ 74,045	N/A	\$ 74,045	\$ 5,496	28
June 30, 2020	(5,896)	(6,445)	N/A	(6,445)	(571)	19
June 30, 2021	(18,445)	(18,445)	0	(18,445)	(1,742)	20
Total		\$ 49,155	0	\$ 49,155	\$ 3,183	
Projected Payroll for FYE 2023					\$ 45,338	
Amortization Payments as a Percentage of Payroll					7.02%	

Note:

Budgeted contribution rates for FYE 2022 were known at the time of the June 30, 2021 Valuation.

Amortization bases established at this valuation date were adjusted accordingly.

The budgeted appropriation for FY 2022 is recognized as a change in the unfunded liability and amortized in the most recent amortization base.





KENTUCKY PUBLIC PENSIONS AUTHORITY

David L. Eager, Executive Director
 1260 Louisville Road • Frankfort, Kentucky 40601
 kyret.ky.gov • Phone: 502-696-8800 • Fax: 502-696-8822



To: Kentucky Retirement Systems Trustees
 From: Rebecca H Adkins, Deputy Executive Director
 Date: June 6, 2022
 Subject: Allocation of Administrative Expenses FY 2022 and FY 2023

At the KPPA quarterly meeting on March 24, 2022, the KPPA Board elected to adopt a new methodology for allocating administrative costs to the CERS, KERS and SPRS systems. They chose a hybrid percentage based on recommendations presented by the Cost Allocation Work Group. KPPA also agreed that the hybrid allocation would be used for FY22 and for FY23 and would be reevaluated every following year.

The hybrid percentages being used for FY22 and FY23:
 KRS 37.32%
 CERS 62.68%

Additionally, the KPPA Board decided that the KRS and the CERS boards must decide how to allocate their respective percentage of the administrative expenses among the plans they administer. CERS met on April 20, 2022, and determined to base the CERS nonhazardous and hazardous split on membership.

	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%

If KRS elected to separate administrative expenses among its plan based on membership, the allocations would be as follows:

	Membership as of 6/30/21	Percentage of Membership	Percentage of Admin Expenses
KERS Nonhazardous	123,857	88.33%	32.96%
KERS Hazardous	13,661	9.74%	3.63%
SPRS	2,704	1.93%	0.72%

RECOMMENDATION: Board action required. The Board must select a percentage split for administrative expenses to be used for the 37.32% of administrative expenses for which the systems administered by the KRS Board are responsible both for FY22 and FY23.

Understanding the Hybrid Percentage Methodology

Potential Allocation Methodologies

While exploring possible allocation methodologies, the work group strived to be both equitable and simple – equitable to all plans and yet simple enough to maintain transparency and auditability and to limit manual entries.

Membership

As has been done historically, this allocation methodology uses the premise that more membership necessitates more KPPA staff, and staff is a critical component of administrative expenses. Conversely, not all staffing types are membership dependent. For example, not all administrative expenses increase or decrease with membership changes. For example, the actuary has stated that preparing the valuation costs about the same for KERS as it does for CERS. The systems are so large that the difference in membership is not a factor in costs.

Additionally, the work group decided there are different types of staffing positions and that while some positions increased with membership increases not all did. Legal staff, for example, is more dependent on the number of court cases, legislative changes and system complexity than with membership count.

Assets Under Management

Staff explored basing the allocation on percentage of assets under management (AUM) as of June 30 of the previous fiscal year. Important to note is that investment expenses are not tracked within administrative expenses. Neither are assets and liabilities connected to non-investment staffing and compensation levels which can be a driver of administrative costs. However, the work group did consider that AUM is a driver for investment staff compensation.

Even Division between CERS and KRS

Another option explored is a 50/50 split between the CERS and KRS funds. The primary reasoning on this option is that not all services are membership dependent. The example provided earlier is the actuary. Additionally, while staffing constitutes a major portion of the administrative budget, not all staffing positions increase when membership increases. Executive leadership, for example, is based on defined roles

and not on membership. Information Technology security and development is not exclusively driven by the number of members but also by the complexity of the plan rules.

Hybrid

A final option considered by staff is a hybrid of membership count, sharing expenses evenly and AUM. The premise for this is that while there is merit to each allocation methodology. None is a perfect solution on its own.

With the overarching goals of being equitable to all plans and yet simple enough to maintain transparency and auditability and to limit manual errors, the work group decided a hybrid approach may be best. However, for simplicity one percentage to use on all expenditures is critical to reduce human error. Therefore, the decision was made to use a hybrid approach to calculate one percentage for each Board for all expenses.

The administrative budget was split into large categories. Large categories were defined as the usual budget categories and any line items that are \$100,000 or more. Each category was assigned the allocation method that best fit that category. Multiplying the budget for that category by the methodology percentage, an overall total budgeted dollar amount by system was calculated. Using the total dollar amount by system and the total fiscal year budget a single hybrid percentage was calculated for each Board.

Hybrid percentage calculations FY22 and FY23

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%

These percentages were adopted by the KPPA Board March 24, 2022.

KRS 61.505 11(a)

- (11) (a) All expenses incurred by or on behalf of the Kentucky Public Pensions Authority shall be paid by the systems administered by the Kentucky Retirement Systems or the County Employees Retirement System and shall be prorated, assigned, or allocated to each system as determined by Kentucky Public Pensions Authority.** Any additional initial costs determined by the authority to be attributable solely to establishing a separate County Employees Retirement System board and the Kentucky Public Pensions Authority as provided by this section and KRS 78.782 shall be paid by the County Employees Retirement System. Any additional ongoing annual administrative and investment expenses that occur after the establishment of a separate County Employees Retirement System board and the Kentucky Public Pensions Authority that are determined by the authority to be a direct result of establishing a separate County Employees Retirement System board and the Kentucky Public Pensions Authority shall be paid by the County Employees Retirement System.
- (b) Any other statute to the contrary notwithstanding, authorization for all expenditures relating to the administrative operations of the Kentucky Public Pensions Authority, the Kentucky Retirement Systems, and the County Employees Retirement System shall be contained in the biennial budget unit request, branch budget recommendation, and the financial plan adopted by the General Assembly pursuant to KRS Chapter 48. The request from the Kentucky Public Pensions Authority shall include any specific administrative expenses requested by the Kentucky Retirement Systems board of trustees or the County Employees Retirement System board of trustees pursuant to KRS 61.645(13) or 78.782(13), as applicable, that are not otherwise expenses specified by paragraph (a) of this subsection.

April 2022

KPPA MONTHLY PERFORMANCE UPDATE

KERS/KERS-H/SPRS

What's going on in the marketplace?

The month of April was marked by sharply lower global equity markets fueled by concerns surrounding high inflation, tightening monetary policy and rising interest rates, and their potential to slow down the global economy. Supply chains continued to be challenged by the ongoing conflict in Ukraine and lockdowns in China in response to its zero-covid policy. Not only did rising rates hamper equity markets, but higher rates continued to create a tough environment for bond investors who experience negative returns as well.

The KPPA pension investment portfolio fell -3.6% during the month of April, providing 112bps of downside protection versus its benchmark (-4.7%). More specifically, the KERS and SPRS portfolios held up better, falling -2.8% and -3.0%, respectively. The plans outperformed their benchmarks, providing significant downside protection in excess of 0.9%. Due to its higher allocation to global equities, which were significantly weaker during the period, the KERS-H portfolio lost -3.7%; however, it did outperform its benchmark by nearly 0.8%. All three plans outperformed their respective benchmark, driven by portfolio positioning relative to IPS target asset allocations. The plans were underweight global equities which underperformed during the period and were overweight specialty credit, core fixed income, and cash, asset classes that held up relatively well during a volatile period.

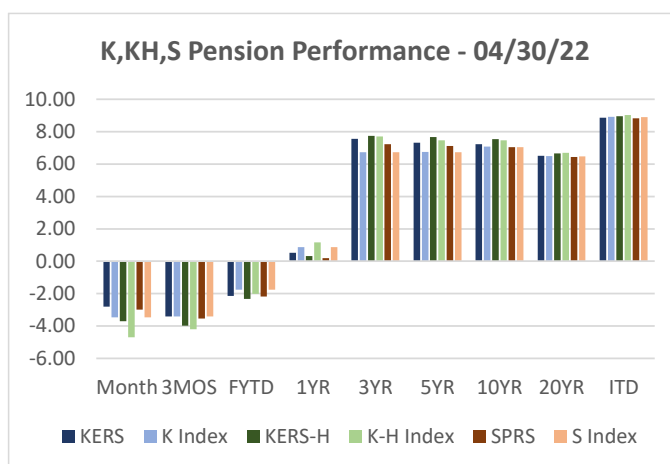
US equity markets fell -9.0% during the month (R3000), and the KPPA portfolio lost -8.7%, providing 26bps of downside protection. Midcaps outperformed large caps, while small caps brought up the rear (MC: -7.1%, LC: -8.7%, SC: -9.9%); value provided significant downside protection versus growth (R3000V: -5.8% vs R3000G: -12.1%). The KPPA portfolio's relative outperformance was driven by a combination of both stock selection and allocation. Almost all of the individual strategies outpaced their respective indices, and the slight value and midcap tilts were beneficial as these areas held up better.

NonUS equity markets held up better than their domestic counterparts, falling -6.3% during the month (MSCI ACWI Ex-US). Emerging markets fell -5.6%, while developed countries lost -6.5% (MSCI World Ex-US). The KPPA portfolio trailed its index by -47bps due to significant weakness across the growth portion of the portfolio. This underperformance was partially offset by outperformance of the value oriented mandates and the net performance of the KPPA emerging market exposure.

The specialty credit portfolio outperformed, declining -39bps compared to its index return of -1.7%. The leveraged loan allocation held up well as evidenced by the S&P LSTA Leveraged Loan Index return of 0.2%; however, high yield investments struggled in the face of rising rates and widening spreads (Bloomberg US Corporate High Yield, -3.6%).

The core fixed income portfolio, produced negative absolute performance during the month; however, it performed well in relative terms, providing 260bps of downside protection versus the Bloomberg Aggregate Index (-1.2%vs-3.8%). The portfolio benefited from its shorter duration profile and tactical allocation to front end investment grade credit, which outperformed during the market volatility.

The private equity allocation returned 20bps during the month, bringing the fiscal year return to 20.9%. It should be noted that the asset class is reported on a



quarter lag, so much of this volatile year is not yet reflected in these performance figures.

The real return portfolio lost -44bps during the month, bringing the fiscal year return to 3.7%. Most of the individual mandates held up fairly well during the month; however, investments in the MLP space were challenged, falling -1.5% during the period, despite the Alerian MLP Index remaining fairly stable (-9bps).

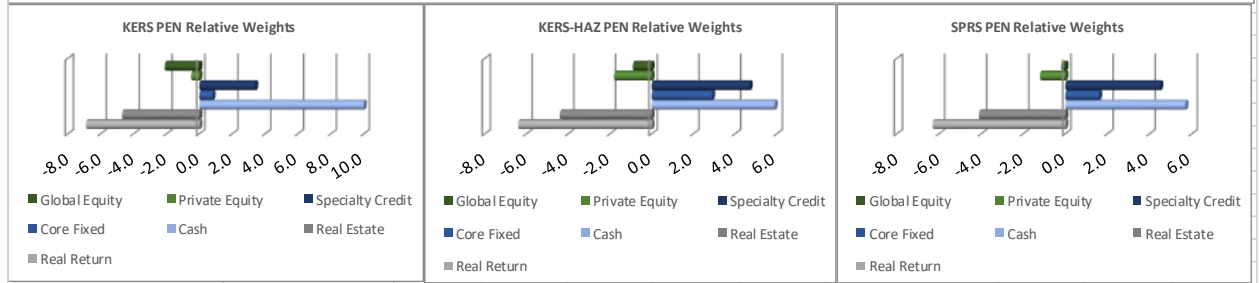
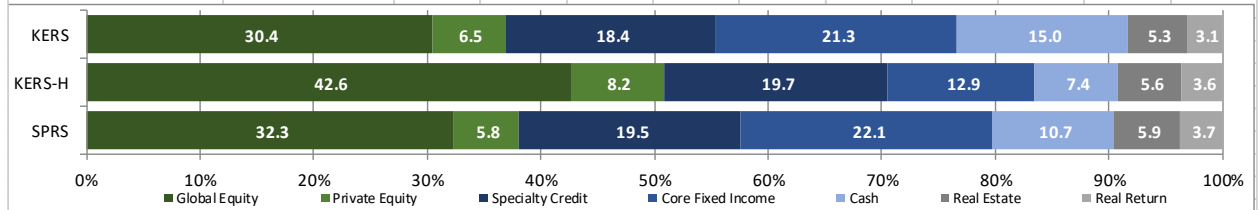
Real estate has performed well for several quarters, and has been one of the best performing asset classes for the portfolio. The allocation returned 1.4% during the month, bringing the fiscal year performance to 21.8%, and has been driven by continued strength in industrial and multi-family properties.

The cash portfolio performed in line with the 3-month T-bill for the month (0.03%). The overweight to cash helped bolster the total investment portfolio.

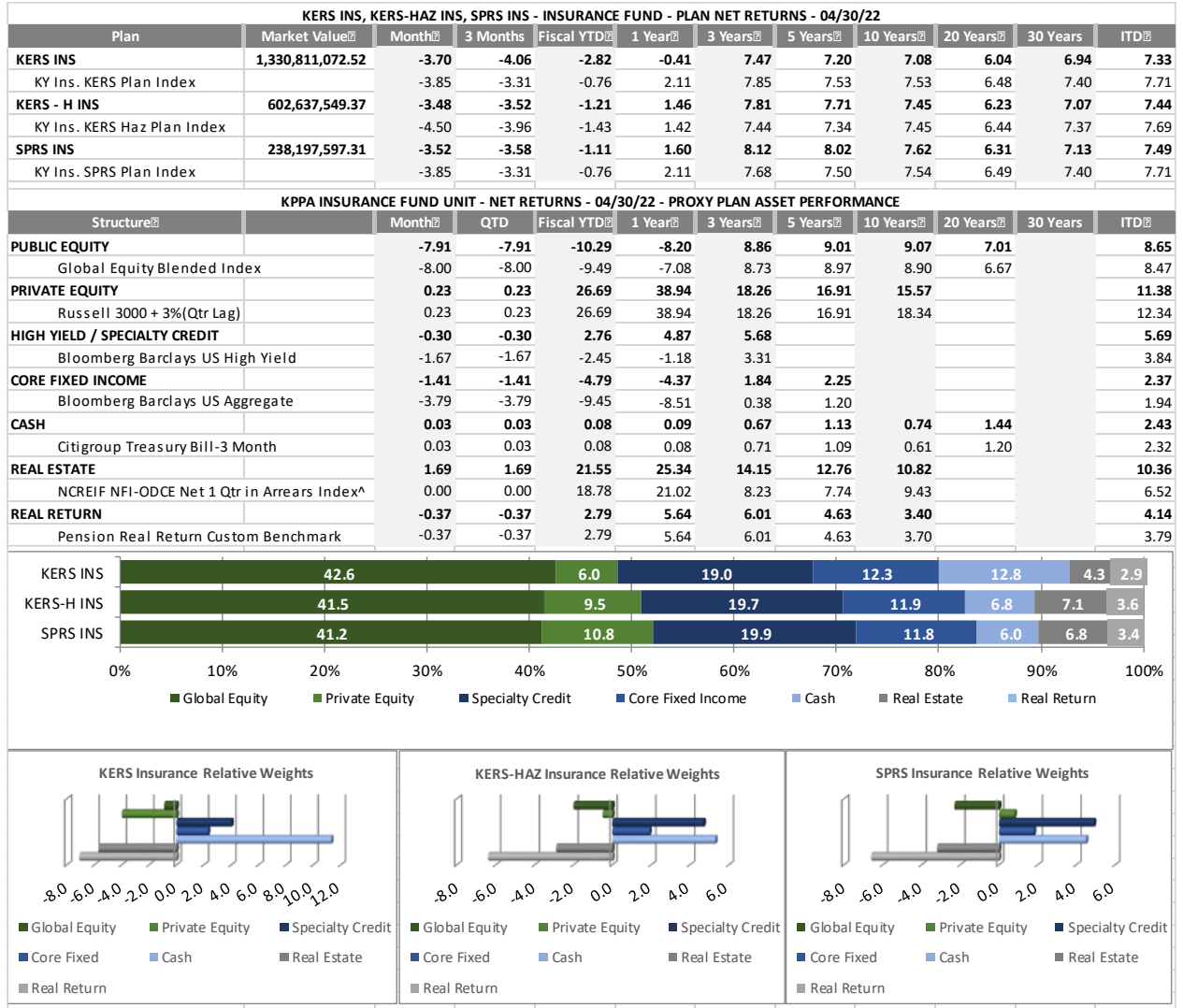
KRS Board Meeting - Quarterly Performance Reports

KERS, KERS-HAZ, & SPRS - PENSION FUND - PLAN NET RETURNS - 04/30/22											
Plan	Market Value	Month	3 Months	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	20 Years	30 Years	ITD
KERS	3,078,870,986.48	-2.80	-3.40	-2.14	0.52	7.55	7.31	7.22	6.51	7.80	8.87
KY Ret. KERS Plan Index		-3.85	-3.81	-2.16	0.47	6.59	6.65	7.04	6.47	7.72	8.90
KERS- H	847,382,094.24	-3.71	-3.98	-2.32	0.32	7.74	7.66	7.53	6.66	7.90	8.95
KY Ret. KERS Haz Plan Index		-4.50	-4.00	-1.81	1.38	7.79	7.52	7.50	6.70	7.87	9.02
SPRS	341,661,045.05	-2.98	-3.54	-2.17	0.19	7.23	7.12	7.05	6.43	7.74	8.82
KY Ret. SPRS Plan Index		-3.85	-3.81	-2.16	0.47	6.59	6.64	7.01	6.46	7.71	8.89

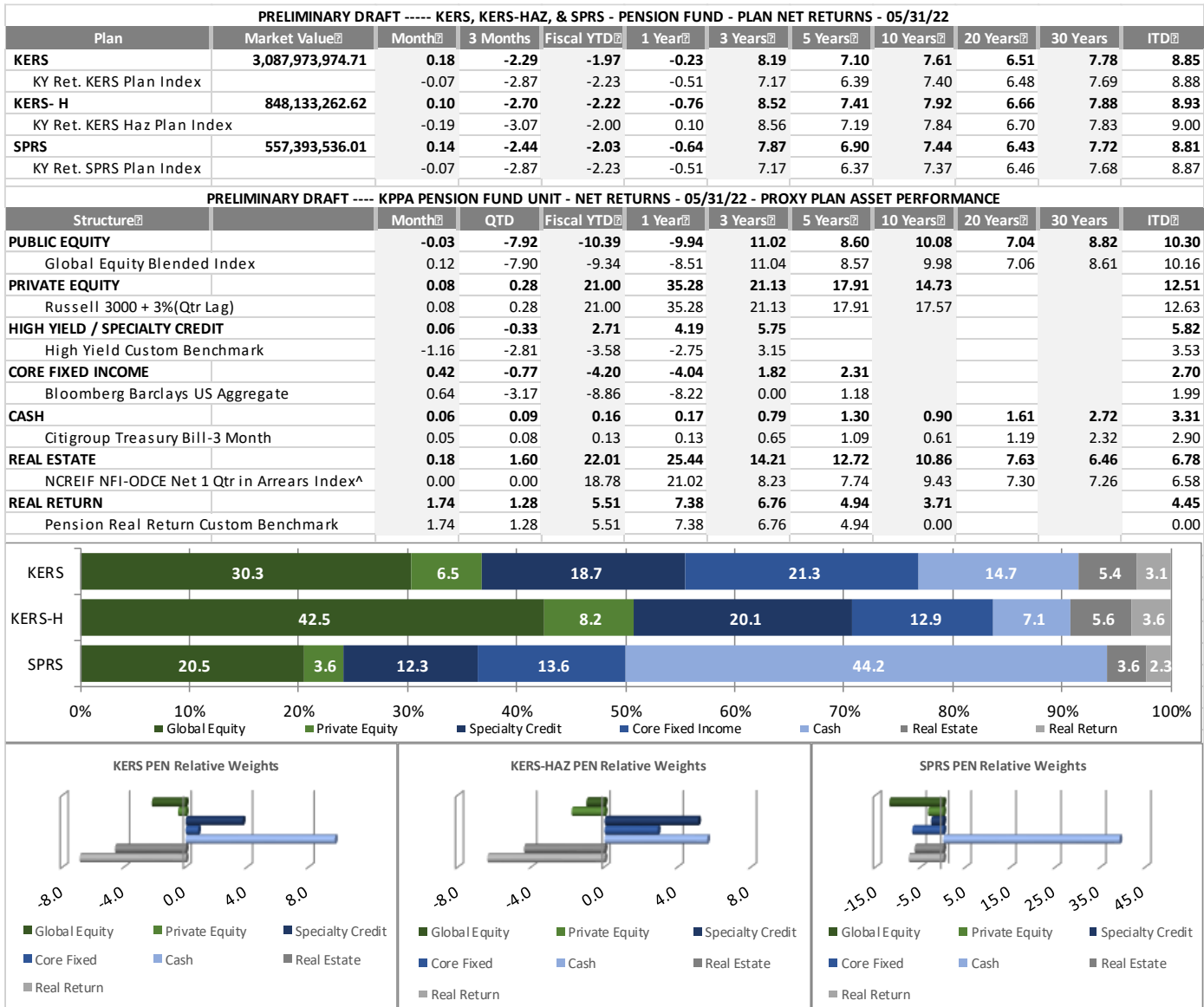
KPPA PENSION FUND UNIT - NET RETURNS - 04/30/22 - PROXY PLAN ASSET PERFORMANCE											
Structure	Month	QTD	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	20 Years	30 Years	ITD	
PUBLIC EQUITY		-7.89	-7.89	-10.35	-8.26	8.86	9.05	9.03	7.00	8.83	10.32
Global Equity Blended Index		-8.00	-8.00	-9.45	-7.04	8.77	9.01	8.95	7.01	8.63	10.18
PRIVATE EQUITY		0.20	0.20	20.91	36.07	21.14	18.12	15.11			12.56
Russell 3000 + 3%(Qtr Lag)		0.20	0.20	20.91	36.07	21.14	18.12	18.34			12.81
HIGH YIELD / SPECIALTY CREDIT		-0.39	-0.39	2.65	4.80	5.81					5.91
High Yield Custom Benchmark		-1.67	-1.67	-2.45	-1.18	3.31					3.84
CORE FIXED INCOME		-1.19	-1.19	-4.60	-4.19	2.07	2.37				2.68
Bloomberg Barclays US Aggregate		-3.79	-3.79	-9.45	-8.51	0.38	1.20				1.94
CASH		0.03	0.03	0.10	0.11	0.85	1.30	0.89	1.62	2.72	3.32
Citigroup Treasury Bill-3 Month		0.03	0.03	0.08	0.08	0.71	1.09	0.61	1.20	2.33	2.90
REAL ESTATE		1.43	1.43	21.80	25.46	14.12	12.71	10.98	7.74	6.47	6.79
NCREIF NFI-ODCE Net 1 Qtr in Arrears Index^		0.00	0.00	18.78	21.02	8.23	7.74	9.43	7.30	7.26	6.59
REAL RETURN		-0.44	-0.44	3.71	7.27	5.94	4.64	3.55			4.32
Pension Real Return Custom Benchmark		-0.44	-0.44	3.71	7.27	5.94	4.64	3.64			3.73



KRS Board Meeting - Quarterly Performance Reports



KRS Board Meeting - Quarterly Performance Reports





Combining Statement of Fiduciary Net Position - Pension Funds

As of March 31, 2022, with Comparative Totals as of March 31, 2021 (\$ in Thousands)

ASSETS	KERS		SPRS	KRS TOTAL		Percentage of Change	Note
	Nonhazardous	Hazardous		FY 2022	FY 2021		
CASH AND SHORT-TERM INVESTMENTS							
Cash Deposits	\$286	\$48	\$38	\$371	\$1,970	-81.15%	1
Short-term Investments	570,880	84,429	46,466	701,774	285,639	145.69%	2
Total Cash and Short-term Investments	571,166	84,476	46,503	702,145	287,609	144.13%	
RECEIVABLES							
Accounts Receivable	85,510	3,699	9,558	98,767	63,540	55.44%	3
Accounts Receivable - Investments	37,858	8,901	4,605	51,365	96,704	-46.88%	4
Total Receivables	123,368	12,601	14,163	150,132	160,244	(6.31)%	
INVESTMENTS, AT FAIR VALUE							
Core Fixed Income	670,787	111,519	77,252	859,558	757,802	13.43%	5
Public Equities	1,003,328	386,959	118,476	1,508,763	1,432,614	5.32%	
Private Equities	203,409	69,816	19,986	293,211	257,215	13.99%	6
Specialty Credit	574,667	171,021	67,873	813,560	680,532	19.55%	7
Derivatives	(2,040)	(338)	(238)	(2,616)	2,110	-223.98%	8
Real Return	63,714	22,781	9,486	95,980	256,562	-62.59%	9
Opportunistic	-	-	-	-	89,946	-100.00%	10
Real Estate	156,463	43,995	18,967	219,424	149,219	47.05%	11
Total Investments, at Fair Value	2,670,327	805,753	311,801	3,787,881	3,626,001	4.46%	
Securities Lending Collateral Invested	91,708	25,581	10,278	127,567	106,100	20.23%	12
CAPITAL/INTANGIBLE ASSETS							
Capital Assets	929	91	11	1,031	1,031	0.00%	
Intangible Assets	5,920	494	100	6,513	6,513	0.00%	
Accumulated Depreciation	(929)	(91)	(11)	(1,031)	(1,031)	0.01%	
Accumulated Amortization	(5,611)	(482)	(100)	(6,193)	(6,121)	1.18%	
Total Capital Assets	309	11	-	320	393	(18.50)%	
Total Assets	3,456,878	928,422	382,746	4,768,046	4,180,346	14.06%	
LIABILITIES							
Accounts Payable	1,600	160	33	1,793	2,101	-14.67%	13
Investment Accounts Payable	102,882	18,306	10,626	131,814	144,906	-9.04%	
Securities Lending Collateral	91,708	25,581	10,278	127,567	106,100	20.23%	14
Total Liabilities	196,190	44,047	20,937	261,174	253,107	3.19%	
Total Fiduciary Net Position Restricted for Pension Benefits	\$3,260,688	\$884,375	\$361,809	\$4,506,872	\$3,927,239	14.76%	

NOTE - Variance Explanation **Differences due to rounding.**

- 1) Variance is a result of continuous fluctuation of deposits and transactions that flow through the cash account.
- 2) Short Term Investments are primarily comprised of the cash on hand at the custodial bank. The current balance is larger than normal due to the return of capital (\$129M) from Putnam in February.
- 3) The increase in Accounts Receivable is due to the AALC invoices being created prior to month end and paid the following month.
- 4) The variance in Investment Accounts Receivable is due to pending trades.
- 5) The increase in Core Fixed Income is due to a rebalance of the portfolio as a result of the revised IPS.
- 6) The increase in Private Equity is a result of the funding of 3 new managers, additional funding of current managers, and increasing market values of current investments.
- 7) The increase in Specialty Credit is due to the merging of the Specialty Credit asset class and the Opportunistic asset class.
- 8) Variance is a result of hedging and arbitration of risk within the portfolios.
- 9) The decrease in Real Return is a result of the redemption of Putnam and continued liquidation of hedge funds.
- 10) The decrease in Opportunistic is due to the merging of the Opportunistic asset class with the Specialty Credit asset class.
- 11) The increase in Real Estate is due to additional funding and increasing market values for current managers.
- 12) Variance is a result of the demands of the Securities Lending Program.
- 13) The decrease in Accounts Payable is due to a decline in outstanding credit employer invoices.
- 14) Variance is a result of the demands of the Securities Lending Program.



Combining Statement of Changes In Fiduciary Net Position - Pension Funds

For the nine month period ending March 31, 2022, with Comparative Totals for the nine month period March 31, 2021 (\$ in Thousands)

ASSETS	KERS		SPRS	KRS Total		Percentage of Change	Note
	Nonhazardous	Hazardous		FY 2022	FY 2021		
Member Contributions	\$66,999	\$15,096	\$3,579	\$85,675	\$85,629	0.05%	
Employer Contributions	825,638	44,329	46,305	916,272	810,889	13.00%	1
Pension Spiking Contributions	11	3	-	14	51	-72.40%	2
Health Insurance Contributions (HB1)	(4)	2	-	(2)	(4)	54.99%	3
Employer Cessation Contributions	50,464	-	-	50,464	-	100.00%	4
Total Contributions	943,109	59,430	49,885	1,052,423	896,564	17.38%	
INVESTMENT INCOME							
From Investing Activities							
Net Appreciation (Depreciation) in FV of Investments							
	(16,629)	1,918	(1,357)	(16,068)	506,927	-103.17%	5
Interest/Dividends	52,831	17,536	6,300	76,666	66,161	15.88%	6
Total Investing Activities Income	36,202	19,453	4,943	60,599	573,088		
Less: Investment Expense	6,806	2,769	902	10,477	10,084	3.89%	
Less: Performance Fees	10,501	4,453	1,278	16,232	7,565	114.55%	7
Net Income from Investing Activities	18,894	12,232	2,764	33,890	555,439		
From Securities Lending Activities							
Securities Lending Income	146	42	17	206	190		
Less: Securities Lending Borrower Rebates	(163)	(55)	(19)	(237)	(105)		
Less: Securities Lending Agent Fees	46	15	5	66	44		
Net Income from Securities Lending	262	82	31	376	250	50.14%	8
Net Investment Income	19,157	12,314	2,795	34,266	555,689	(93.83)%	
Total Additions	962,265	71,744	52,680	1,086,689	1,452,253	(25.17)%	
DEDUCTIONS							
Benefit Payments	768,258	57,572	48,066	873,895	859,834	1.64%	
Refunds	9,349	3,759	277	13,384	10,275	30.26%	9
Administrative Expenses	8,985	966	189	10,140	9,545	6.23%	
Total Deductions	786,591	62,297	48,531	897,419	879,654	2.02%	
Net Increase (Decrease) in Fiduciary Net Position Restricted for Pension Benefits							
	175,674	9,447	4,149	189,270	572,599		
Total Fiduciary Net Position Restricted for Pension Benefits							
Beginning of Period	3,085,014	874,928	357,660	4,317,602	3,354,640	28.71%	
End of Period	\$3,260,688	\$884,375	\$361,809	\$4,506,872	\$3,927,239	14.76%	

NOTE - Variance Explanation

Differences due to rounding.

- 1) Employer Contributions increased due to an increase in covered payroll for KERH and SPRS as well as AALC invoices billed.
- 2) Pension Spiking contributions decreased due to a change in statute. Pension spiking is now the member's responsibility.
- 3) Health Insurance Contributions continue to fluctuate in the Pension accounts due to corrections being processed.
- 4) Employer Cessation payment received from Kentucky Housing Corporation.
- 5) The decrease in Net Appreciation in Fair Value of Investments is due to unfavorable market conditions resulting in unrealized losses primarily within the public equity asset class.
- 6) The increase in Interest/Dividends is a result of the increased allocation to Public Equities and Fixed Income asset classes.
- 7) The increase in Performance fees is due to an increase in realized gains in Private Equity and Real Estate.
- 8) Variance is a result of the demand of the Securities Lending Program
- 9) The increase in Refunds is due to an increase in refunds taken by KERS and KERSH members who terminated employment and were not eligible for a retirement benefit.



Combining Statement of Fiduciary Net Position - Insurance Funds

As of March 31, 2022, with Comparative Totals as of March 31, 2021 (\$ in Thousands)

ASSETS	KERS		SPRS	KRS Total		Percentage of Change	Note
	Nonhazardous	Hazardous		FY 2022	FY 2021		
CASH AND SHORT-TERM INVESTMENTS							
Cash Deposits	\$87	\$23	\$19	\$129	\$406	-68.29%	1
Short-term Investments	216,751	55,694	19,895	292,339	91,022	221.17%	2
Total Cash and Short-term Investments	216,837	55,718	19,913	292,468	91,428	219.89%	
RECEIVABLES							
Accounts Receivable	12,894	322	821	14,038	16,681	-15.85%	3
Investment Accounts Receivable	14,388	5,878	2,410	22,675	46,253	-50.98%	4
Total Receivables	27,281	6,200	3,231	36,713	62,934	-66.82%	
INVESTMENTS, AT FAIR VALUE							
Core Fixed Income	166,183	72,801	28,568	267,552	273,378	-2.13%	
Public Equities	607,608	267,533	105,134	980,276	960,876	2.02%	
Specialty Credit	259,925	124,281	49,661	433,867	355,391	22.08%	5
Private Equities	80,860	57,327	25,831	164,018	138,039	18.82%	6
Derivatives	(477)	(199)	(83)	(760)	342	-321.78%	7
Real Return	28,156	16,425	6,132	50,712	133,622	-62.05%	8
Opportunistic	-	-	-	-	57,342	-100.00%	9
Real Estate	51,375	37,676	14,408	103,459	72,306	43.09%	10
Total Investments, at Fair Value	1,193,630	575,844	229,651	1,999,124	1,991,297	0.39%	
Securities Lending Collateral Invested	29,612	13,384	5,288	48,284	49,366	-2.19%	
Total Assets	1,467,361	651,145	258,083	2,376,589	2,195,025	8.27%	
LIABILITIES							
Accounts Payable	120	4	2	125	132	-4.71%	
Investment Accounts Payable	35,739	11,478	4,519	51,737	67,530	-23.39%	11
Securities Lending Collateral	29,612	13,384	5,288	48,284	49,366	-2.19%	
Total Liabilities	65,471	24,866	9,809	100,146	117,028	(14.43)%	
Total Fiduciary Net Position Restricted for OPEB	\$1,401,890	\$626,279	\$248,274	\$2,276,443	\$2,077,997	9.55%	

NOTE - Variance Explanation

Differences due to rounding.

- 1) Variance is a result of continuous fluctuation of deposits and transactions that flow through the cash account.
- 2) Short Term Investments are primarily comprised of the cash on hand at the custodial bank, the balance is larger than normal due to the return of capital (\$67M) from Putnam in February.
- 3) The decrease in Accounts Receivable is due a decrease in salaries reported for KERS as well as a decrease in the Employer Contribution rate for KERS and KERH.
- 4) The variance in Investment Accounts Receivables is due to pending trades.
- 5) The increase in Specialty Credit is due to the merging of Specialty Credit asset class and Opportunistic asset class.
- 6) The increase in Private Equity is a result of the funding of 3 new managers, additional funding of current managers, and increasing market values of current investments.
- 7) Variance is a result of hedging and arbitration of risk within the portfolios.
- 8) The decrease in Real Return is a result of the redemption of Putnam and continued liquidation of hedge funds.
- 9) The decline in Opportunistic is a result of the merging of the Opportunistic asset class with the Specialty Credit asset class.
- 10) The increase in Real Estate is due to additional funding and increasing market values for current managers.
- 11) The variance in Investment Accounts Payable is due to pending trades.


Combining Statement of Changes In Fiduciary Net Position - Insurance Funds
 For the nine month period ending March 31, 2022, with Comparative Totals for the nine month period ending March 31, 2021 (\$ In Thousands)

	KERS		SPRS	KRS Total		Percentage of Change	
	Nonhazardous	Hazardous		FY 2022	FY 2021		
ADDITIONS							
Employer Contributions	\$101,296	\$1	\$6,534	\$107,830	\$122,276	-11.81%	1
Medicare Drug Reimbursement	-	1	-	1	0		
Insurance Premiums	143	(54)	(27)	62	120	-48.26%	
Humana Gain Share Payment	7,321	548	342	8,211	19,230	-57.30%	2
Retired Re-employed Healthcare	3,705	952	-	4,657	4,358	6.87%	
Health Insurance Contributions (HB1)	4,859	901	169	5,929	5,756	3.01%	
Employer Cessation Contributions	9,536	-	-	9,536	-	100.00%	3
Total Contributions	126,859	2,350	7,018	136,227	151,739	(10.22)%	
INVESTMENT INCOME							
From Investing Activities							
Net Appreciation (Depreciation) in FV of Investments	(2,275)	8,458	3,778	9,961	\$303,557	-96.72%	4
Interest/Dividends	24,582	12,778	4,962	42,322	35,560	19.02%	5
Total Investing Activities Income	22,306	21,236	8,741	52,283	339,117		
Less: Investment Expense	4,377	2,361	919	7,656	6,431	19.04%	6
Less: Performance Fees	6,454	4,333	1,773	12,560	6,536	92.16%	7
Net Income from Investing Activities	11,476	14,542	6,049	32,067	326,150		
From Securities Lending Activities							
Securities Lending Income	63	28	11	102	98		
Less: Securities Lending Borrower Rebates	(74)	(34)	(13)	(121)	(65)		
Less: Securities Lending Agent Fees	21	9	4	33	24		
Net Income from Securities Lending	117	52	21	189	138	37.01%	8
Net Investment Income	11,592	14,594	6,069	32,256	326,288	(90.11)%	
Total Additions	138,452	16,944	13,087	168,483	478,027	(64.75)%	
DEDUCTIONS							
Healthcare Premiums Subsidies	87,909	15,369	10,751	114,029	119,474	-4.56%	
Administrative Expenses	618	95	55	768	746	2.93%	
Self-Funded Healthcare Costs	1,155	90	12	1,257	1,292	-2.77%	
Excise Tax Insurance	3	-	0	3	-	0.00%	
Total Deductions	89,685	15,554	10,817	116,056	121,513	(4.49)%	
Net Increase (Decrease) in Fiduciary Net Position Restricted for OPEB							
	48,767	1,390	2,270	52,427	356,514		
Total Fiduciary Net Position Restricted for OPEB							
Beginning of Period	1,353,123	624,889	246,004	2,224,016	1,721,483	29.19%	
End of Period	\$1,401,890	\$626,279	\$248,274	\$2,276,443	\$2,077,997	9.55%	

NOTE - Variance Explanation *Differences due to rounding*

- 1) Employer Contributions decreased due to lower contribution rates for KERS and SPRS, as well as a decline in covered payroll for KERS.
- 2) Humana Gain Share payments will fluctuate based on timing and actual claims paid.
- 3) Employer Cessation payment received from Kentucky Housing Corporation.
- 4) The decrease in Net Appreciation in Fair Value of Investments is due to unfavorable market conditions resulting in unrealized losses primarily within the Public Equity asset class.
- 5) The increase in Interest/Dividends is a result of the increased allocation to Public Equities and Fixed Income asset classes.
- 6) The increase in Investment Expense is a result of increased market values primarily in the Private Equity, Specialty Credit and Real Estate asset classes which have higher fees associated.
- 7) The increase in Performance fees is due to an increase in realized gains in Private Equity and Real Estate.
- 8) Variance is a result of the demand of the Securities Lending Program.

Pension Funds Contribution Report

For the nine month period ending March 31, 2022, with Comparative Totals for the nine month period ending March 31, 2021 (\$ in Millions)



	Kentucky Employees Retirement System				State Police Retirement System	
	Nonhazardous		Hazardous		FY22	FY21
	FY22	FY21	FY22	FY21		
Member Contributions	\$67.0	\$66.9	\$15.1	\$15.1	\$3.5	\$3.6
Employer Contributions	876.1	719.2	44.3	46.9	46.3	44.9
Net Investment Income	35.8	34.5	10.4	10.1	4.2	4.2
Total Inflows	978.9	820.6	69.8	72.1	54.0	52.7
Benefit Payments/Refund	777.6	764.2	61.3	58.3	48.4	47.6
Administrative Expenses	9.0	8.4	1.0	1.0	0.2	0.2
Total Outflows	786.6	772.6	62.3	59.3	48.6	47.8
NET CONTRIBUTIONS	192.3	48.0	7.5	12.8	5.4	4.9
Realized Gain/(Loss)	93.5	55.9	34.5	18.9	10.9	6.6
Unrealized Gain/(Loss)	(110.0)	289.6	(32.5)	100.7	(12.3)	35.3
Change in Net Position	175.8	393.5	9.5	132.4	4.0	46.8
Beginning of Period	3,085.0	2,362.2	874.9	697.4	357.7	295.0
End of Period	\$3,260.8	\$2,755.7	\$884.4	\$829.8	\$361.7	\$341.8

Insurance Fund Contribution Report

For the nine month period ending March 31, 2022, with Comparative Totals for the nine month period ending March 31, 2021 (\$ in Millions)

	Kentucky Employees Retirement System				State Police Retirement System	
	Nonhazardous		Hazardous		FY22	FY21
	FY22	FY21	FY22	FY21		
Employer Contributions	\$110.8	\$115.3	\$0.0	\$0.0	\$6.5	\$7.0
Insurance Premiums	7.5	17.3	0.5	1.2	0.3	0.8
Retired Reemployed Healthcare	3.7	3.4	1.0	1.0	0.0	0.0
Health Insurance Contributions	4.8	4.7	0.9	0.9	0.2	0.2
Net Investment Income	13.9	14.1	6.1	6.3	2.3	2.3
Total Inflows	140.7	154.8	8.5	9.4	9.3	10.3
Healthcare Premiums	89.1	94.7	15.5	15.1	10.7	10.9
Administrative Expenses	0.6	0.6	0.1	0.1	0.1	0.1
Total Outflows	89.7	95.3	15.6	15.2	10.8	11.0
NET CONTRIBUTIONS	51.0	59.5	(7.1)	(5.8)	(1.5)	(0.7)
Realized Gain/(Loss)	41.0	28.1	24.9	13.6	10.5	5.3
Unrealized Gain/(Loss)	(43.3)	151.9	(16.4)	74.8	(6.7)	29.9
Change in Net Position	48.7	239.5	1.4	82.6	2.3	34.5
Beginning of Period	1,353.1	1,006.5	624.9	514.7	246.0	200.2
End of Period	\$1,401.8	\$1,246.0	\$626.3	\$597.3	\$248.3	\$234.7

KPPA ADMINISTRATIVE BUDGET FY 2021-2022								
BUDGET-TO-ACTUAL ANALYSIS								
FOR THE NINE MONTH PERIOD ENDING MARCH 31, 2022, WITH COMPARATIVE TOTALS FOR THE NINE MONTH PERIOD ENDING MARCH 31, 2021								
Account Name	Budgeted	FY 2022 Expense	Remaining	Percent Remaining	KERS NH FY 2022 Expense	KHAZ FY 2022	SPRS FY 2022	KRS FY 2022 Total
PERSONNEL					30.88%	3.41%	0.67%	
Staff								
Salaries	\$16,900,000	\$11,779,326	\$5,120,674	30.30%	\$3,637,456	\$401,675	\$78,921	\$4,118,052
Wages (Overtime)	342,000	147,766	194,234	56.79%	45,630	5,039	990	51,659
Emp Paid Retirement	14,478,107	9,404,829	5,073,278	35.04%	2,904,211	320,705	63,012	3,287,928
Emp Paid Health Ins	2,500,000	1,876,528	623,472	25.58%	579,472	63,990	12,573	656,034
Emp Paid Sick Leave	115,650	73,621	42,029	36.34%	22,734	2,510	493	25,738
Workers Compensation	77,100	75,163	1,937	2.51%	23,210	2,563	504	26,277
Unemployment	3,600	-	3,600	100.00%	-	-	-	-
Other Personnel	1,130,250	841,179	289,071	25.58%	259,756	28,684	5,636	294,076
Employee Training	18,400	7,264	11,136	60.52%	2,242	248	49	2,538
Bonds	-	81	(81)	0.00%	25	3	-	28
Staff Subtotal	35,565,107	24,205,758	11,359,349	31.94%	7,474,737	825,416	162,178	8,462,331
LEGAL & AUDITING SERVICES								
Legal Hearing Officers	84,600	52,541	32,059	37.89%	16,225	1,792	352	18,368
Legal (Stoll, Keenon)	180,000	78,867	101,133	56.19%	24,354	2,689	528	27,572
Frost Brown (Tax Advisor)	173,000	21,397	151,604	87.63%	6,607	730	143	7,480
Reinhart	24,000	29,878	(5,878)	(24.49)%	9,226	1,019	200	10,445
Ice Miller	336,000	34,775	301,225	89.65%	10,739	1,186	233	12,157
Johnson, Bowman, Branco LLC	150,000	53,008	96,993	64.66%	16,369	1,808	355	18,531
Dentons Bingham & Greenebaum	150,000	-	150,000	100.00%	-	-	-	-
Legal Expense	12,000	92	11,908	99.23%	28	3	1	32
Auditing	118,350	85,655	32,695	27.63%	26,450	2,921	574	29,945
CONSULTING SERVICES								
Medical Reviewers	1,200,000	1,037,696	162,304	13.53%	320,441	35,385	6,953	362,779
Escrow for Actuary Fees	12,000	-	12,000	0.00%	-	-	-	-
CONTRACTUAL SERVICES								
Miscellaneous Contracts	22,750	16,179	6,571	28.88%	4,996	552	108	5,656
Human Resources Consulting	6,600	5,794	806	12.22%	1,789	198	39	2,026
Actuarial Services	700,000	362,868	337,132	48.16%	112,054	12,374	2,431	126,859
Facility Security Charges	112,000	57,162	54,838	48.96%	17,652	1,949	383	19,984
PERSONNEL SUBTOTAL	\$38,846,407	\$26,041,670	\$12,804,738	32.96%	8,041,666	888,021	174,479	9,104,166
OPERATIONAL								
Natural Gas	\$25,200	\$24,556	\$644	2.55%	\$7,583	\$837	\$165	8,585
Electric	138,000	82,521	55,479	40.20%	25,482	2,814	553	28,849
Rent-NonState Building	52,000	37,982	14,018	26.96%	11,729	1,295	254	13,279
Building Rental - PPW	1,100,000	721,573	378,427	34.40%	222,822	24,606	4,835	252,262
Copier Rental	122,587	60,765	61,822	50.43%	18,764	2,072	407	21,243
Rental Carpool	4,800	2,911	1,889	39.36%	899	99	20	1,018
Vehicle/Equip. Mainten.	1,350	249	1,101	81.56%	77	8	2	87
Postage	610,000	321,650	288,350	47.27%	99,326	10,968	2,155	112,449
Freight	600	155	445	74.13%	48	5	1	54
Printing (State)	6,000	4,548	1,452	24.20%	1,404	155	30	1,590
Printing (non-state)	112,500	57,405	55,095	48.97%	17,727	1,958	385	20,069
Insurance	6,000	5,422	578	9.63%	1,674	185	36	1,896

KPPA ADMINISTRATIVE BUDGET FY 2021-22									
FOR THE NINE MONTH PERIOD ENDING MARCH 31, 2022, WITH COMPARATIVE TOTALS FOR THE NINE MONTH PERIOD ENDING MARCH 31, 2021									
Account Name	Budgeted	FY 2022	Remaining	Percent Remaining	KERS NH	KHAZ	SPRS	KRS	
					FY 2022 Expense	FY 2022	FY 2022	FY 2022 Total	FY 2022 Total
Garbage Collection	6,000	4,412	1,588	26.47%	1,362	150	30	1,542	
Conference Expense	18,250	8,657	9,593	52.56%	2,673	295	58	3,026	
Conference Exp. Investment	6,000	-	6,000	100.00%	-	-	-	-	
Conference Exp. Audit	1,500	1,700	(200)	(13.33)%	525	58	11	594	
MARS Usage	52,800	20,325	32,475	61.51%	6,276	693	136	7,106	
COVID-19 Expenses	168,000	9,733	158,267	94.21%	3,006	332	65	3,403	
Office Supplies	42,600	67,451	(24,851)	(58.34)%	20,829	2,300	452	23,581	
Furniture & Office Equipment	9,600	300	9,300	96.87%	93	10	2	105	
Travel (In-State)	12,600	4,792	7,808	60.39%	1,480	163	32	1,675	
Travel (In-State) Investment	300	39	261	87.09%	12	1	0	14	
Travel (In-State) Audit	300	-	300	100.00%	-	-	-	-	
Travel (Out of State)	6,000	382	5,618	93.63%	118	13	3	134	
Travel (Out of State) Invest	38,700	-	38,700	100.00%	-	-	-	-	
Travel (Out of State) Audit	450	-	450	100.00%	-	-	-	-	
Dues & Subscriptions	49,000	36,719	12,281	25.06%	11,339	1,252	246	12,837	
Dues & Subscriptions Invest	9,600	12,228	(2,628)	(27.37)%	3,776	417	82	4,275	
Dues & Subscriptions Audit	3,000	265	2,735	91.15%	82	9	2	93	
Miscellaneous	1,200	32,228	(31,028)	(2585.63)%	9,952	1,099	216	11,267	
Miscellaneous Investment	200	-	200	100.00%	-	-	-	-	
Miscellaneous Audit	200	-	200	100.00%	-	-	-	-	
COT Charges	24,000	15,760	8,240	34.33%	4,867	537	106	5,510	
Telephone - Wireless	5,400	4,063	1,337	24.76%	1,255	139	27	1,420	
Telephone - Other	120,000	91,667	28,333	23.61%	28,307	3,126	614	32,047	
Computer Equip./Software	2,640,000	1,788,674	851,326	32.25%	552,343	60,994	11,984	625,320	
OPERATIONAL SUBTOTAL	\$5,394,137	\$3,419,093	\$1,975,044	36.61%	\$1,055,828	\$116,592	\$22,908	\$1,195,329	
SUBTOTAL	\$44,240,544	\$29,460,762	\$14,779,782	33.41%	\$9,097,494	\$1,004,612	\$197,387		
Major Legislative Implementation	3,764,956	-	3,764,956	100.00%	-	-	-	-	
TOTAL	\$48,005,500	\$29,460,762	\$18,544,738	38.63%	\$9,097,494	\$1,004,612	\$197,387		
<i>Differences due to rounding.</i>									
Fund	Budgeted	FY 2022 Expense	% of Total KRS FY 2022 Expense						
KERS Non-Hazardous	\$14,824,098	\$9,097,482	30.88%						
KHAZ	\$1,636,988	\$1,004,611	3.41%						
SPRS	\$321,637	\$197,387	0.67%						
TOTAL	\$16,782,723	\$10,299,481							
Fund - Specific Expenses	KERS Non-Haz	KERS Hazardous	SPRS	Amount					
FY 2022 Expense	\$9,097,482	\$1,004,611	\$197,387						
CERS Adjustment	-	-	-	\$93,623					
CERS Actual	-	-	-	-					
KERS Adjustment	-	-	-	79,253					
KERS Actual	-	-	-	-					
SPRS	-	-	-	5,413					
Subtotal Plan Specific	-	-	-	-					
Total Expenses	\$9,097,482	\$1,004,611	\$197,387	\$178,289					



KENTUCKY PUBLIC PENSIONS AUTHORITY

Outstanding Invoices by Type and Employer

Invoice Type	3/31/2022	12/31/2021	Change H/(L)
Averaging Refund to Employer	\$(174,525)	\$(404,226)	-57%
Employer Free Military and Decompression Service	277,801	241,111	15%
Member Pension Spiking Refund	(27,824)	(28,852)	-4%
Monthly Reporting Invoice	226,558	448,761	-50%
Penalty – Monthly Reporting	198,721	263,726	-25%
Reinstatement	177,018	173,602	2%
Actuarially Accrued Liability Contribution	1,140,296	785,053	45%
Total	\$1,818,044	\$1,479,175	
Health Insurance Reimbursement	\$990,679	\$1,425,649	-31%
Omitted Employer	1,525,783	1,666,624	-8%
Employer Pension Spiking*	1,573,962	1,370,393	15%
Standard Sick Leave	9,044,195	8,427,680	7%
Total	\$13,134,620	\$12,890,346	2%
Grand Total	\$14,952,664	\$14,369,521	4%

*Pension Spiking invoices on this report are Employer Pension Spiking. By statute these invoices are due 12 months from the invoice date. Employer Pension Spiking is in effect only for retirements prior to July 1, 2018, therefore, unless there has been a recently created invoice for a backdated retirement, all of these invoices are greater than 12 months old.

Employer Name (Top Ten)	3/31/2022	12/31/2021	Change H/(L)
Kentucky State Police	\$8,732,481	\$7,719,865	13%
Kentucky River Community Care	1,087,076	724,328	50%
Kentucky River Regional Jail	893,893	979,925	-9%
City of Covington	382,559	378,930	1%
Kenton County Airport Board	352,292	330,008	7%
City of Fort Thomas	232,927	228,635	2%
Livingston County Fiscal Court	228,567	161,058	42%
Dept for Behavioral Health Dev Intellectual Dis	210,581	35,072	500%
TARC - Transit Authority River City	210,266	213,106	-1%
Henry County Fiscal Court	\$206,696	\$206,389	0%

	Total Unpaid Balance	Number of Invoices
CERS	\$2,094,722	1,479
CERH	\$1,701,786	238
KERS	\$3,092,085	959
KERH	\$690,832	70
SPRS	\$7,221,313	157
Grand Total:	\$14,800,738.29	2,903

	Total Unpaid Balance	Number of Invoices
CERS/CERH	\$3,796,508	1,717
KERS/KERH	\$3,782,917	1,029
SPRS	\$7,221,313	157
Grand Total:	\$14,800,738	2,903



KENTUCKY PUBLIC PENSIONS AUTHORITY

Penalty Invoices Report
From: 1/1/2022 To: 3/31/2022

Note: Delinquent Interest amounts are included in the totals for the invoice

Invoice Amount	Invoice Remaining Balance	Delinquent Interest	Invoice Status Date	Invoice Due Date	Invoice Status	Employer Classification	Comments
\$1,000	\$-	\$-	1/21/2022	4/25/2021	CANC	Master Commissioner	Agency had no active employees.
1000	-	-	2/21/2022	12/2/2021	CANC	Other Retirement Systems	Agency in good standing with KPPA.
1,000	-	-	1/21/2022	1/14/2022	CANC	Master Commissioner	Agency had no active employees.
1,000	-	-	1/21/2022	1/14/2022	CANC	Master Commissioner	Agency had no active employees.
1,000	-	-	1/21/2022	1/14/2022	CANC	Master Commissioner	Agency had no active employees.
1000	-	-	1/21/2022	1/14/2022	CANC	Master Commissioner	Agency had no active employees.
1,000	-	-	1/21/2022	1/14/2022	CANC	Master Commissioner	Agency had no active employees.
1,000	-	-	1/21/2022	1/14/2022	CANC	Master Commissioner	Agency had no active employees.
1,000	-	-	1/21/2022	1/14/2022	CANC	Master Commissioner	Agency had no active employees.
1000	-	-	1/21/2022	1/14/2022	CANC	Master Commissioner	Agency had no active employees.
1,000	-	-	1/4/2022	2/2/2022	CANC	Non-P1 State Agencies	Outside of agency control.
1,000	-	-	1/21/2022	2/9/2022	CANC	Master Commissioner	Agency had no active employees.
1,000	-	-	1/21/2022	2/9/2022	CANC	Master Commissioner	Agency had no active employees.
1000	-	-	1/21/2022	2/9/2022	CANC	Master Commissioner	Agency had no active employees.
1,000	-	-	1/21/2022	2/9/2022	CANC	Master Commissioner	Agency had no active employees.
1,000	-	-	1/21/2022	2/9/2022	CANC	Master Commissioner	Agency had no active employees.
1,000	-	-	1/21/2022	2/9/2022	CANC	Master Commissioner	Agency had no active employees.
1000	-	-	1/21/2022	2/9/2022	CANC	Master Commissioner	Agency had no active employees.
1,000	-	-	1/21/2022	2/9/2022	CANC	Master Commissioner	Agency had no active employees.
1,000	-	-	1/21/2022	2/9/2022	CANC	Master Commissioner	Agency had no active employees.
1,000	-	-	1/21/2022	2/9/2022	CANC	Master Commissioner	Agency had no active employees.
1,000	-	-	1/21/2022	2/9/2022	CANC	Master Commissioner	Agency had no active employees.
1,000	-	-	1/21/2022	2/9/2022	CANC	Master Commissioner	Agency had no active employees.
1,000	-	-	1/21/2022	2/9/2022	CANC	Master Commissioner	Agency had no active employees.
1,000	-	-	1/21/2022	2/9/2022	CANC	Master Commissioner	Agency had no active employees.
Total	\$24,000						
	\$-	\$-				CRTD	
Total	\$-						
\$1,000	\$-	\$-	1/13/2022	12/30/2021	PAID	Non-P1 State Agencies	
1000	-	-	3/1/2022	3/26/2022	PAID	Health Departments	
Total	\$2,000						

Notes:
Invoice Status:
 CANC - Cancelled
 CRTD - Created
 PAID - Paid



KENTUCKY PUBLIC PENSIONS AUTHORITY

David L. Eager, Executive Director
1260 Louisville Road • Frankfort, Kentucky 40601
kyret.ky.gov • Phone: 502-696-8800 • Fax: 502-696-8822



To: Kentucky Retirement Systems Board of Trustees

From: William O'Mara, Chair
Joint Audit Committee
Kristen N. Coffey, CICA *KNC*
Division Director, Internal Audit Administration

Date: June 6, 2022

Subject: Summary of Joint Audit Committee Meeting

The County Employees Retirement System (CERS) and Kentucky Retirement Systems (KRS) Joint Audit Committee held a regularly scheduled meeting on May 24, 2022.

1. Items that will be forwarded to the Kentucky Public Pensions Authority (KPPA) after ratification by the KRS Board of Trustees:
 - a. **Results of the GASB 68 and GASB 75 Proportionate Share audits for fiscal year ended June 30, 2022*** – The Joint Audit Committee approved the reports as presented and approved authorizing KPPA staff to publish the reports. *Passed unanimously, one member not in attendance.*
 - b. **Updates to the Charter for the Joint Audit Committee*** – The Joint Audit Committee approved the policy as amended and recommended submitting the policy to KPPA for review. *Passed unanimously, one member not in attendance.*
 - c. **Updates the Charter for the Division of Internal Audit Administration*** – The Joint Audit Committee approved the policy as amended and recommended submitting the policy to KPPA for review. *Passed unanimously, one member not in attendance.*

RECOMMENDATION: We request the KRS Board of Trustees ratify the actions taken by the Joint Audit Committee and recommend that the KPPA representatives on the KRS Board take these items to KPPA for consideration.

2. Discussion of the Audit portion of the CERS Strategic Plan was tabled until the August 25, 2022 meeting.
3. The following other items were also discussed during the Joint Audit Committee meeting. These are presented for informational purposes only.
 - a. Election of Audit Committee Chair and Vice Chair – *Mr. William O'Mara was elected as Chair and Ms. Lynn Hampton was elected as Vice Chair.*
 - b. Financial statements for the quarter year ended March 31, 2022.
 - c. Information disclosures – *11 disclosures identified, effecting 33 members.*
 - d. Anonymous Tips – *Five open cases.*

- e. Internal Audit Budget – *32.15% of budget remaining.*
- f. Auditor Independence Statements.
- g. Risk Assessment Update.
- h. Status of current internal audits – *20 current projects and 26 completed projects.*
- i. Reports issued since the last meeting.
 - 1. Plan Liquidity Phase 1 – *Six findings; four remediated and two remain open. An update on the open items will be presented to the Audit Committee at the August 25, 2022 meeting.*
 - 2. Plan Liquidity Phase 2 – *No reportable findings, but three opportunities for improvement; all have been remediated.*
 - 3. Process to Update an Individual’s Death Status – *No reportable findings, but three opportunities for improvement; all have been remediated.*

***Board of Trustees action may be required**



KENTUCKY PUBLIC PENSIONS AUTHORITY

David L. Eager, Executive Director
1260 Louisville Road • Frankfort, Kentucky 40601
kyret.ky.gov • Phone: 502-696-8800 • Fax: 502-696-8822



TO: Members of the KRS Board of Trustees

FROM: Joint CERS & KRS Retiree Health Plan Committee

DATE: June 6, 2022

SUBJECT: Joint CERS & KRS Retiree Health Plan Committee Report

The Joint CERS & KRS Retiree Health Plan Committee met on Thursday, May 19, 2022 and elected Dr. Crystal Miller (KRS) as Vice-Chair.

An informational presentation was given by Ms. Jane Gilbert, Director of Retiree Healthcare from Teachers' Retirement Systems - Kentucky (TRS) on their Pharmacogenomics program. In the fall of 2017, TRS partnered with their pharmacy provider Rx Coalition, Coriell Life Sciences and AON to conduct a pilot. This pilot used DNA from individual retirees to review the impact that genetics would have on medication therapy regarding safety and effectiveness. The testing was used by the Rx Coalition pharmacists to provide individual review and analysis of medications and shared counseling with the retiree and their physician. The findings helped individuals avoid ineffective medications, assisted doctors in making treatment decisions and saved money for the retirees and their insurance trust. 10,000 retirees enrolled in the pilot. The outcomes of the program has resulted in a cost avoidance of \$218. per member per month which equates to a \$7,000 cost savings per member over the 32 month period. Cumulative cost savings over 32 months is \$37M. The cost of the genetic testing was paid for by the TRS insurance trust as it is not a covered benefit under insurance plans. The cost was \$400 per member. This test is administered only once in a lifetime.

Humana provided information on Plan Performance for 2021, Stars Review 2021, McClennan Pilot results 2021, and Introducing Centerwell for 2021. Humana provided a description of how Medicare covers Pharmacogenomics and advised they were currently doing a pilot project in this area.

The timeline for the Medicare Advantage Request for Proposal (RFP) was presented to the Committee. It was reported that the project was on schedule as of the date of the meeting.



KENTUCKY PUBLIC PENSIONS AUTHORITY

David L. Eager, Executive Director

1260 Louisville Road • Frankfort, Kentucky 40601
kyret.ky.gov • Phone: 502-696-8800 • Fax: 502-696-8822



To: Kentucky Retirement Systems Board of Trustees

From: D’Juan Surratt
Director of Employer Reporting, Compliance and Education

Date: June 6, 2022

Subject: Hazardous Position Classification

AGENCIES ARE REQUESTING HAZARDOUS DUTY COVERAGE FOR THE FOLLOWING POSITIONS:

<u>Agency</u>	<u>Position</u>	<u>Effective Date</u>
Morehead State University	Chief of Police	7/1/2022
Morehead State University	Police Captain/ Assistant Chief	7/1/2022
Morehead State University	Police Supervisor (Sergeant)	7/1/2022
Morehead State University	Police Supervisor (Lieutenant)	7/1/2022
Morehead State University	Police Officer	7/1/2022

Kentucky Public Pensions Authority has reviewed the above requests and determined that they meet the statutory guidelines for Hazardous coverage. Position Questionnaires and Job Descriptions are attached.