



**County Employees Retirement System
Board of Trustees – Regular Meeting
June 9, 2025, at 2:00 pm ET (1:00 pm CT)
Live Video Conference/Facebook Live**

AGENDA

- | | |
|--|-------------------------------------|
| 1. Call to Order | Lisle Cheatham |
| 2. Opening Statement | Eric Branco |
| 3. Roll Call/Public Comment | Sherry Rankin |
| 4. Approval of Minutes* -- March 26, 2025; April 16, 2025;
April 30, 2025; May 13, 2025 | Lisle Cheatham |
| 5. Chairman's Corner | Lisle Cheatham |
| 6. Actuary Committee | Mike Foster |
| a. Actuarial Economic Assumptions* | Danny White, GRS
Janie Shaw, GRS |
| 7. Investment Committee | Dr. Merl Hackbart |
| a. Quarterly Investment Update | Steve Willer/Wilshire |
| 8. Personnel Committee | JT Fulkerson |
| a. CERS CEO Contract* | |
| b. CERS General Counsel Contract* | |
| 9. Finance Committee | Bill O'Mara |
| a. Hybrid Percentage and CERS Allocation* | Mike Lamb |
| b. FY 2026 Draft Administrative Budget | Mike Lamb |
| c. Hazardous Duty Requests* | D'Juan Surratt |
| d. Quarterly Financial Update | Mike Lamb |
| 10. Joint Retiree Health Plan Committee | Dr. Pat Carver
Connie Pettyjohn |
| 11. CEO Quarterly Update | Ed Owens, III |
| 12. KPPA Quarterly Update | Ryan Barrow |
| 13. Closed Session* | Eric Branco
Michael Board |
| 14. Adjourn | Lisle Cheatham |

***Board May Take Action**

**MINUTES OF MEETING
COUNTY EMPLOYEES RETIREMENT SYSTEM
BOARD OF TRUSTEES SPECIAL-CALLED MEETING
MARCH 26, 2025, AT 2:00 P.M. ET
VIA LIVE VIDEO TELECONFERENCE**

At the Special-Called Meeting of the County Employees Retirement System Board of Trustees held on March 26, 2025, the following members were present: George Cheatham, Dr. Patricia Carver, Michael Foster, Dr. Merl Hackbart, William O'Mara, Betty Pendergrass, and Jerry Powell. Staff members present were CERS CEO Ed Owens III, Ryan Barrow, Erin Surratt, Michael Board, Steve Willer, Anthony Chiu, Joe Gilbert, Brian Caldwell, Ashley Gabbard, Shaun Case, Sandy Hardin, and Sherry Rankin. Others present included Chris Tessman and John Patterson with Wilshire and Eric Branco with Johnson Branco & Brennan, LLP.

1. Mr. Cheatham called the meeting to order.
2. Mr. Board read the Opening Statement.
3. Ms. Rankin called Roll.
4. Mr. Cheatham introduced agenda item ***Public Comment***. Ms. Rankin indicated that no public comments were submitted for consideration. (00:05:14 to 00:05:23)
5. Mr. Cheatham introduced agenda item ***Investment Office Recommendation*** (Video 00:05:23 to 00:15:03) Dr. Hackbart outlined the background of the recommendation by the Investment Office staff to increase the investment in the Arctos American Football Fund by up to \$30 million, including previous investments of \$250 million in 2023 and \$70 million committed in February of this year. He highlighted potential savings of \$79,000 annually with an incremental \$5 million investment and supported the recommendation from the investment staff. Mr. Willer provided further details on the allocation impacts and emphasized the benefits of the recommendation, including reduced management fees and enhanced portfolio performance. Mr. Chiu elaborated on the attractiveness of the investment due to its contracted cash flow streams and scarce assets, noting the potential for impactful results across several teams over the next 18 months.

Mr. Cheatham made a motion to ratify the Investment Committee's approval to invest an additional amount of up to \$30 million of the Real Return allocation into the Arctos American Football Fund, subject to successful contract negotiations, as presented. Dr. Hackbart seconded the motion. The motion passed unanimously.

6. Mr. Cheatham introduced agenda item ***Closed Session*** (*Video 00:15:03 to 00:16:27*). Ms. Pendergrass made a motion to enter closed session to discuss pending litigation pursuant to KRS 61.810(1)(c). The motion was seconded by Dr. Carver. The motion passed unanimously.

Mr. Branco read the following closed session statement: "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."

Closed Session (*Video - Part 2 - 00:00:21 to 00:01:48*).

Coming back into open session, Mr. Cheatham requested a motion to come out of closed session. Dr. Hackbart made the motion to return to open session. Mr. Powell seconded the motion. The motion passed unanimously. Mr. Cheatham stated that no action was taken while in closed-session discussions. As a result of the discussion while in closed session, Mr. Cheatham requested a motion to accept the settlement agreement as discussed in closed session with trustees and former officers. Mr. O'Mara made said motion. Mr. Powell seconded the motion. The motion passed unanimously.

7. There being no further business, Mr. Cheatham requested a motion to **adjourn**. Mr. Powell made a motion to adjourn. Ms. Pendergrass seconded the motion. The motion passed unanimously.

Copies of all documents presented are incorporated as part of the Minutes of the Board of Trustees held March 26, 2025, 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 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 County Employees Retirement System, do certify that the Minutes of Meeting held on March 26, 2025, were approved on June 9, 2025.

Chair of the Board of Trustees

I have reviewed the Minutes of the March 26, 2025, Board of Trustees Meeting for content, form, and legality.

Executive Director
Office of Legal Services

**MINUTES OF MEETING
COUNTY EMPLOYEES RETIREMENT SYSTEM
BOARD OF TRUSTEES ANNUAL MEETING
APRIL 16, 2025, AT 2:00 P.M. ET
VIA LIVE VIDEO TELECONFERENCE**

At the Annual Meeting of the County Employees Retirement System Board of Trustees held on April 16, 2025, the following members were present: George Cheatham, Dr. Patricia Carver, Michael Foster, Jim Tony Fulkerson, Dr. Merl Hackbart, William O'Mara, Tommy McGraw, and Steven Webb. Staff members present were CERS CEO Ed Owens, III; Ryan Barrow; Rebecca Adkins, Erin Surratt; Victoria Hale; Michael Lamb; Steve Willer; Brian Caldwell; Anthony Chiu; Joe Gilbert; Phillip Cook; Ashley Gabbard; Sandy Hardin; and Sherry Rankin. Others present included Collin Castillo with Johnson, Branco & Brennan, LLC.

1. Mr. Cheatham called the meeting to order.
2. Ms. Hale read the *Opening Statement*.
3. Ms. Rankin took *Roll Call*.
4. Mr. Cheatham introduced the agenda item *Public Comment* (Video 00:07:56 to 00:08:02). Ms. Rankin indicated that no public comment was submitted.
5. Mr. Cheatham introduced agenda item *Approval of Minutes – March 10, 2025* (Video 00:08:02 to 00:08:41). Mr. Fulkerson made a motion to approve the March 10, 2025, minutes as presented. Mr. O'Mara seconded the motion. The motion passed unanimously.
6. Mr. Cheatham introduced agenda item *Chairman's Corner* (Video 00:08:41 to 00:14:03). Mr. Cheatham began the meeting by warmly welcoming the two newly appointed Board members, Mr. Steven Webb and Mr. Tommy McGraw. He encouraged the Board members to actively address any queries from retirees and engage collaboratively in addressing issues. Reflecting on the past year, Mr. Cheatham emphasized the Board's accomplishments,

including significant progress in resolving legal challenges and enhancing the organization's efficiency.

He highlighted the resolution of two longstanding legal cases that had spanned seven years and incurred substantial legal costs, noting that these settlements represented a pivotal moment in protecting the system's assets and enabling the closure of other lawsuits nationwide. Mr. Cheatham commended the legal counsel for their dedication to resolving these challenges.

Mr. Cheatham showcased significant governance achievements, including designating pension assets under CERS, initiated through investments in the Arctos Football Fund. This represents a crucial step towards operational independence, alongside ongoing collaboration with legislators on related matters. Operationally, a reduction of one-third in outstanding invoices was achieved, thanks to the joint efforts of ERCE staff, the accounting team, and legal counsel. Strategically, the first-ever CERS Strategic Plan was introduced, aimed at refining organizational priorities and shaping future objectives. Additionally, the publication of the organization's inaugural standalone Annual Comprehensive Financial Report (ACFER) enhanced transparency and upheld best practices in public finance. Financially, the organization has increased our net position by \$1.7 billion, with a reported 10.35% gain over the previous year. This progress raised the non-hazardous funding status to 58.39% and the hazardous retirement funding status to 54.03%, with both insurance plans exceeding 100% funding levels. Other achievements included revising the Investment Policy Statement and optimizing asset allocation, aimed at improving oversight, performance, and transparency. Mr. Cheatham concluded by expressing deep gratitude for the Board members, staff, and partners, whose hard work and collaboration made these accomplishments possible.

7. Mr. Cheatham introduced agenda item ***Introduction of Elected Trustees*** (Video 00:14:03 to 00:14:59). Mr. Cheatham introduced the newly appointed trustees, starting with Mr. Steven Webb, who currently serves as the finance director for the City of Cincinnati and brings substantial financial expertise to the board. He then introduced Tommy McGraw, a retired

captain of the City of Hopkinsville Fire Department, whose 20-plus years of experience in management and emergency response will be invaluable in his new role.

8. Mr. Cheatham introduced agenda item ***PPW Board of Directors Election*** (Video 00:14:59 to 00:21:23). The Board discussed the process for determining who would vote at the PPW Board of Directors election. After deliberating the role and responsibilities of the proxy voter, the Board proceeded to make a motion.

Mr. Fulkerson made a motion to authorize Steve Willer as CIO to vote the PPW shares, as proxy for CERS, as authorized in the CERS Investment Policy Statement and as set forth in the CERS Investment Voting Policy. Dr. Hackbart seconded the motion. The motion passed unanimously.

Following a brief discussion, Mr. O'Mara made a motion to submit the name of Mr. J. T. Fulkerson as the CERS Representative for the upcoming PPW Board of Directors' ballot and election. Dr. Carver seconded the motion. The motion passed unanimously.

9. Mr. Cheatham introduced agenda item ***Election of Officers*** (Video 00:21:23 to 00:30:31). Mr. Cheatham then moved into the order of business for the election of the officers for the upcoming year, which included selection of the Board Chair and Vice Chair, as well as committee assignments.

For the position of Board Chair, Mr. Foster made a motion to approve Mr. George "Lisle" Cheatham as Chair by acclamation. Mr. Fulkerson seconded the motion. The motion passed unanimously.

The Board then proceeded to the election of Vice Chair. Dr. Carver made a motion to approve Mr. Michael Foster for a second term as Vice Chair of the CERS Board for the next year. Mr. McGraw seconded the motion. The motion passed unanimously.

Mr. Cheatham proceeded to appoint members to the various committees for the upcoming term.

- Joint Retiree Health Plan Committee: Dr. Patricia Carver and Tommy McGraw
- KPPA: George Cheatham, Dr. Merl Hackbart, William O'Mara and Dr. Patricia Carver
- KPPA Audit Committee: William O'Mara, George Cheatham and Jim Tony Fulkerson
- KPPA Ad Hoc Regulation Committee: Michael Foster and George Cheatham
- KPPA Ad Hoc Budget Committee: William O'Mara
- DAC/AAC Committee Appointments: Dr. Patricia Carver, Tommy McGraw and Steven Webb
- Actuarial Committee: Michael Foster (Chair), Dr. Merl Hackbart, Dr. Patricia Carver, Steven Webb, and George Cheatham
- Personnel Committee: Jim Tony Fulkerson (Chair), George Cheatham, Michael Foster, William O'Mara, and Dr. Patricia Carver
- Finance Committee: William O'Mara (Chair), George Cheatham, Jim Tony Fulkerson, Dr. Patricia Carver, and Steven Webb
- Investment Committee: Dr. Merl Hackbart (Chair), William O'Mara, George Cheatham, Tommy McGraw, and Dr. Martin Milkman

10. Mr. Cheatham introduced agenda item ***KPPA Update*** (*Video 00:30:31 to 00:38:16*). The meeting continued with a KPPA Update presented by Mr. Barrow, who first shared highlights of the legislative updates.

Mr. Barrow also touched on the upcoming strategic planning initiatives, noting the transition from planning to implementation. Accomplishments from the multi-year process will be incorporated, with additional discussions planned for future meetings. The Board retreat plans are progressing, with scheduling and budgeting underway. Team members have conducted thorough analysis, with promising options emerging for the retreat's programming and logistics. Attendees expressed enthusiasm for the opportunity to foster connections and engage in meaningful programming.

Regarding budgeting, it was noted that the agency is in the planning phase for a major capital project. This involves IT assessments and upgrades to the 15-year-old enterprise system.

Finally, kudos were given to Sherry, Sandy, and other contributors for their efforts in successfully completing new trustee training, which has been positively received and documented for future reference.

11. Mr. Cheatham introduced agenda item ***Closed Session*** (*Video 00:38:16 to 00:39:41*). Mr. Fulkerson made a motion to enter closed session to discuss pending litigation pursuant to KRS 61.810(1)(c). The motion was seconded by Mr. O'Mara. The motion passed unanimously.

Mr. Cheatham read the following closed session statement: 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.

Closed Session (Video - Part 2 - 00:00:22 to 00:01:13).

Coming back into open session, Mr. Cheatham requested a motion to come out of closed session. Mr. O'Mara made a motion to return to open session. Mr. Fulkerson seconded the motion. The motion passed unanimously. Mr. Cheatham stated that no action was taken as a result of the closed session discussions.

12. There being no further business, Mr. Fulkerson made the motion to ***adjourn***. Dr. Carver seconded the motion. The motion passed unanimously. Mr. Cheatham declared the meeting adjourned.

Copies of all documents presented are incorporated as part of the Minutes of the Board of Trustees held April 16, 2025, 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 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 County Employees Retirement System, do certify that the Minutes of Meeting held on April 16, 2025, were approved on June 9, 2025.

Chair of the Board of Trustees

I have reviewed the Minutes of the April 16, 2025, Board of Trustees Meeting for content, form, and legality.

Executive Director
Office of Legal Services

**MINUTES OF MEETING
COUNTY EMPLOYEES RETIREMENT SYSTEM
BOARD OF TRUSTEES SPECIAL-CALLED MEETING
APRIL 30, 2025, AT 2:30 P.M. ET
VIA LIVE VIDEO TELECONFERENCE**

At the Special-Called Meeting of the County Employees Retirement System Board of Trustees held on April 30, 2025, the following members were present: George Cheatham, Dr. Patricia Carver, Dr. Merl Hackbart, William O'Mara, and Steven Webb. Staff members present were CERS CEO Ed Owens III, Ryan Barrow, Rebecca Adkins, Victoria Hale, Steve Willer, Anthony Chiu, Shaun Case, Sandy Hardin, and Sherry Rankin. Others present included Chris Tessman and Marc Friedberg with Wilshire and Eric Branco with Johnson, Branco & Brennan, LLP.

1. Mr. Cheatham called the meeting to order.
2. Mr. Board read the Opening Statement.
3. Ms. Rankin called Roll.

Mr. Cheatham introduced agenda item ***Public Comment***. Ms. Rankin indicated that no public comments were submitted for consideration. (00:02:45 to 00:02:56).

4. Mr. Cheatham introduced agenda item ***Chairman's Corner*** (00:02:56 to 00:03:10). Mr. Cheatham apologized for the delayed start of the meeting, explaining that the previous session had run longer than anticipated.
5. Mr. Cheatham introduced agenda item ***Investment Office Recommendation*** (Video 00:02:57 to 00:20:23). The Board was informed that the Investment Committee did not recommend the proposed real return investment. While the Committee had a quorum present, in accordance with the CERS Board Investment Policy Statement, the required minimum of six Trustee members was not present to proceed with action on the recommendation.

6. The Investment Office presented a recommendation for an additional \$100 million commitment to Kraken Resources. The discussion covered asset allocation, industry outlook, and comparative investment opportunities. During the discussion, Dr. Carver inquired about the concerns that led the Committee to withhold a recommendation. Mr. Cheatham outlined several key factors:

- Energy Market Uncertainty: Concerns about oil and gas price projections and the overall volatility in the energy industry.
- Limited Review Time: Members had a short window to evaluate the recommendation, making it difficult to conduct thorough due diligence.
- Lack of Advisor Input: Wilshire, the investment consultant, was not able to offer much insight, which raised concerns about moving forward without their assessment.

Dr. Hackbart reinforced these points, adding that discussions had also touched on energy pricing, economic conditions, and recent reports indicating negative growth in the first quarter. The constrained timeframe and difficulty gathering the full committee further complicated the decision-making process.

Mr. Cheatham acknowledged the absence of the required six Trustee members and apologized for the inability to move forward with a formal recommendation at this time. He expressed hope that future opportunities would allow for a more thorough review and better alignment of committee members.

7. There being no further business, Mr. Cheatham **adjourned** the meeting.

Copies of all documents presented are incorporated as part of the Minutes of the Board of Trustees held April 30, 2025, 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

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Recording Secretary

I, the Chair of the Board of Trustees of the County Employees Retirement System, do certify that the Minutes of Meeting held on April 30, 2025, were approved on June 9, 2025.

Chair of the Board of Trustees

I have reviewed the Minutes of the April 30, 2025, Board of Trustees Meeting for content, form, and legality.

Executive Director
Office of Legal Services

**MINUTES OF MEETING
COUNTY EMPLOYEES RETIREMENT SYSTEM
BOARD OF TRUSTEES SPECIAL-CALLED MEETING
MAY 13, 2025, AT 2:30 P.M. ET
VIA LIVE VIDEO TELECONFERENCE**

At the Special-Called Meeting of the County Employees Retirement System Board of Trustees held on May 13, 2025, the following members were present: George Cheatham, Dr. Patricia Carver, Michael Foster, J. T. Fulkerson, Dr. Merl Hackbart, William O'Mara, Tommy McGraw, and Steven Webb. Staff members present were CERS CEO Ed Owens III, Ryan Barrow, Erin Surratt, Mike Lamb, Victoria Hale, Nathan Goodrich, Steve Willer, Joe Gilbert, Ashley Gabbard, Shaun Case, Sandy Hardin, and Sherry Rankin. Others present included David Lindberg with Wilshire and Eric Branco with Johnson, Branco & Brennan, LLP.

1. Mr. Cheatham called the meeting to order.
2. Mr. Branco read the Opening Statement.
3. Ms. Rankin called Roll.

Mr. Cheatham introduced agenda item ***Public Comment***. No public comments were submitted for consideration.

4. Mr. Cheatham introduced agenda item ***Chairman's Corner*** (00:10:12 to 00:11:00). Mr. Cheatham acknowledged the presence of a quorum and expressed gratitude to everyone for making time to attend the meeting. He noted the frequency of recent meetings, with two occurring within a short span of two weeks. Looking ahead, he mentioned that additional meetings may be necessary over the next 10 to 12 months.
5. Mr. Cheatham introduced agenda item ***Investment Office Recommendation*** (Video 00:11:00 to 00:30:33). Dr. Hackbart provided an update on the CERS Investment Committee's recent meeting, where they reviewed two staff recommendations. The first

recommendation concerned the continuation of HIG Capital, which the committee opted to abstain from voting on rather than approving the continuation. The second item discussed was the continuation proposal with Adams Street, which received staff approval and was also supported by Wilshire. The Investment Committee unanimously voted to recommend approval of this continuation. Dr. Hackbart then turned the discussion over to Mr. Steve Willer, who provided additional context and details on both recommendations, as well as address any questions.

Mr. Willer provided a high-level overview of the discussions and decisions made in the investment committee meeting regarding the HIG Capital Partners V fund extension. HIG Capital has proposed an amendment to the LPA to extend the fund's term by one additional year, moving its final term to July 1, 2026. Despite the fund's strong performance—with a net IRR above 22% and a 2X DPI—this latest extension does not include management fee reductions, unlike previous ones. Given that CERS holds only 1.8% of the total fund, the committee acknowledged the extension would likely be approved regardless of its vote and opted to abstain.

Following a thorough discussion, Mr. Webb made a motion to ratify the Investment Committee's recommendation to abstain and not approve the one-year term extension for HIG Capital V. Dr. Hackbart seconded the motion. The motion passed unanimously.

Next, Mr. Willer explained that the Investment Committee approved an amendment to extend the final admission date for Adams Street Private Credit Fund III from May 31, 2025, to March 31, 2026. The extension allows the fund to accept new investors for a longer period, increasing its size, diversifying its portfolio, and spreading fixed costs. CERS has committed \$175 million to Fund III and an additional \$175 million to a co-investment sidecar vehicle, which benefits from no management or performance fees. The fund has performed well, with a net IRR above 30% and a MOIC of 1.1. Given favorable market conditions, the recommendation to approve the extension was accepted by the committee.

Dr. Hackbart made a motion to ratify the Investment Committee's recommendation to approve an amendment to the Amended and Restated LPA with Adams Street Private Credit Fund III to extend the Final Admission Date to May 31, 2026. Mr. Fulkerson seconded the motion. The motion passed unanimously.

6. There being no further business, Mr. Cheatham **adjourned** the meeting.

Copies of all documents presented are incorporated as part of the Minutes of the Board of Trustees held May 13, 2025, 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 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 County Employees Retirement System, do certify that the Minutes of Meeting held on May 13, 2025, were approved on June 9, 2025.

Chair of the Board of Trustees

I have reviewed the Minutes of the May 13, 2025, Board of Trustees Meeting for content, form, and legality.

Executive Director
Office of Legal Services



MEMORANDUM

TO: County Employees Retirement System Board of Trustees

From: Michael Foster, Chair
Actuary Committee

Date: June 9, 2025

Subject: Summary of Actuary Committee Special Meeting

The County Employees Retirement System held a special Actuary Committee meeting on May 7, 2025.

1. The following items were approved by the Actuary Committee and are being forwarded to the County Employees Retirement System Board of Trustees for ratification.

- a. **Actuary Recommended Economic Assumptions** – The Committee heard the rationale from GRS to keep the economic assumptions for the June 30, 2025 valuation the same as the assumptions for the June 30, 2024 valuation. After robust debate, the Committee voted unanimously to accept the GRS recommendation and maintain the same economic assumptions for the June 30, 2025 valuation and recommend approval to the entire CERS Board.

RECOMMENDATION: The Actuary Committee requests the County Employees Retirement System Board of Trustees ratify the actions taken by the Actuary Committee.

2. The following items were also discussed during the Actuary Committee meeting:

- a. The Committee heard from Wilshire, the investment consultant for the CERS Board, concerning their 10-year forward looking forecast for the economy. The Wilshire overview of the economy was in the middle of the ten (10) investment consultants polled by GRS to make their recommendation.
- b. Wilshire determined that the beta-return for the CERS asset allocation over the next 10-years would yield 6.21% annually. Wilshire acknowledged that additional alpha-return could be obtained by the portfolio's use of active management in several asset classes.

- c. Wilshire determined that the Private Equity asset class would represent the highest beta return (7.55%) in the portfolio while also representing the highest risk (27.80%) of any asset class.
- d. In the alternative, Specialty Credit has a high beta-return (7.35%) with a rather modest risk profile (9.05%).
- e. Wilshire emphasized that the equity risk premium, the risk associated with holding public equities, would continue to worsen due to larger Fixed income forecasts.
- f. Wilshire indicated their 10-year inflation assumption was at 2.35%, which is slightly higher than the Federal Reserve's target of 2.0%.



May 2, 2025

Board of Trustees
County Employees Retirement System
Perimeter Park West
1260 Louisville Road
Frankfort, KY 40601

Re: Economic Assumptions for Use in the Upcoming June 30, 2025 Actuarial Valuation

Dear Trustees of the Board:

Each year the actuarial committee reviews the principal economic assumptions (i.e. price inflation, investment return assumption, and payroll growth) for use in the actuarial valuation. Economic and demographic assumptions used in an actuarial valuation should be representative of the System's expected long-term experience. These assumptions are not intended to consistently model short-term (e.g. the next two to five years) experience, but are supposed to be representative of expected long-term trends. As a result, short-term experience may differ significantly from the long-term assumption used in an actuarial valuation.

The three primary economic assumptions used in an actuarial valuation include the price inflation, investment return, and payroll growth assumption. The following analysis and exhibits provide our recommended assumptions to be adopted by the Board for use in the June 30, 2025 actuarial valuation and rationale for each recommendation.

Assumption	June 30, 2024 Valuation Adopted Assumption	June 30, 2025 Valuation Recommended Assumption
Price Inflation	2.50%	2.50%
Investment Return	6.50%	6.50%
Payroll Growth ¹	2.00%	2.00%

¹ The recommended payroll growth assumption includes an underlying assumption that future active membership will remain relatively unchanged.

Price Inflation Assumption

Benefits provided to members in CERS are not explicitly impacted by the actual change in price inflation. The current price inflation assumption is 2.50% and was increased from 2.30% in the last experience study conducted in 2022. We reviewed several sources that provide various

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perspectives of forward-looking inflation expectations and recommend the continued use of a 2.50% inflation assumption in the 2025 actuarial valuation.

We recognized that actual inflation as measured by CPI has been much higher than the current 2.50% assumption during the last 48 months. Additionally, many investment professionals and economists expect that inflation volatility and risk have the potential to remain elevated above historical levels for the next 12 to 24 months. However, given the long-time horizon of an actuarial valuation, the Federal Reserve's conviction to return to a 2.00% target inflation, and the relative immateriality of this assumption in the actuarial valuation, we believe a 2.50% inflation assumption continues to be reasonable for this purpose. Please see Exhibit 1 for more information on the comparison of future inflation expectations.

Investment Return Assumption

The investment return assumption is perhaps the most important and most subjective assumption used in an actuarial valuation. It represents the expected long-term return on plan assets and is used to discount future expected benefit payments to the valuation date in order to determine the liabilities of the plan. The investment return assumption was increased from 6.25% to 6.50% as of the June 30, 2023 actuarial valuation and remained at 6.50% for the June 30, 2024 actuarial valuation.

We believe the most appropriate approach in identifying a reasonable investment return assumption is to understand forward-looking expectations developed by professional investment consulting firms. To do this, we have analyzed CERS's investment policy with the capital market assumptions from eight nationally recognized investment consultants, including Wilshire Advisors which is CERS's investment consultant. The asset allocation used in this analysis is based on the target asset allocation outlined in the CERS February 26, 2025 investment committee material.

Also, since investment consultants update their assumptions on at least an annual basis, we also compared their expectations developed in 2025, to their prior two-year assumptions using the same target asset allocation to identify and isolate the change in return expectations due to changes in capital market expectations. Attached is Exhibit 2 that provides this comparison for each investment consulting firm for 2023, 2024, and 2025.

It is our recommendation that the CERS Board adopt the continued use of a 6.50% investment return assumption for the valuation of the pension and insurance funds at June 30, 2025. Given the methodology used by the investment consultants to develop their expectations, it is possible their expectations for the shorter term revert higher as the economy enters an expected increasing interest rate setting.



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May 2, 2025
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Payroll Growth Assumption

The payroll growth assumption is only used in the development of the amortization cost component of the contribution rate. When emerging membership payroll changes are consistent with the payroll growth assumption, the amortization cost will remain relatively constant as a percentage of payroll (assuming there are no other gains or losses). However, if the future change in payroll is consistently less (more) than assumed, then the amortization cost will gradually increase (decrease) as a percentage of membership payroll. Note, due to the actuarial backloading in the amortization payments, there is greater financial risk to having a payroll growth assumption that is too high versus too low.

The change in membership payroll is primarily driven by underlying changes in salary increases for individual members as well as the number of members earning benefits in the System. There are many external and economic factors that can influence the change in both of these underlying elements. The assumed rate of salary increases individuals receive are based on long-term expectations of average increases across all economic cycles that include times of expansion and contraction. Similarly, when reviewing the change in active membership headcount, our analysis considers the inherent long-term nature of this assumption across all economic cycles.

The current payroll growth assumption is 2.00% of pay for the Non-Hazardous and Hazardous funds (pension and insurance) and has been the adopted assumption since 2017. In other words, the actuarial valuation assumes that total membership payroll will grow by 2.00% each year for the development of the annual amortization cost. Underlying this assumption is an implicit assumption that the active membership headcount will remain relatively unchanged in future years. Note, that in any given year, active headcount could increase or decrease but as long as membership payroll continues to change as assumed, the amortization cost as a percentage of pay will not change due to changes in payroll.

Exhibit three provides a ten-year historical experience of the change in membership headcount and membership payroll. While the number of active members and membership payroll has noticeably increased over the last three years, we believe it is reasonable to continue to assume that active membership headcount will remain relatively constant in future years for both the Non-Hazardous and Hazardous funds, as the economic conditions continue to remain steady and improving for local government entities that participate in CERS. As a result, we also believe the current 2.00% payroll growth assumption is reasonable and we recommend the Board adopt a 2.00% payroll growth assumption for use in the June 30, 2025 actuarial valuation for both the Non-Hazardous and Hazardous plans. Keeping the payroll growth assumption at 2.0% will also not increase the System's future contribution risk.



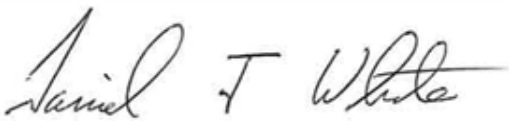
CERS Board of Trustees
May 2, 2025
Page 4

Closing Comments

This analysis was conducted in accordance with generally accepted actuarial principles and practices. We believe these recommended assumptions comply with Actuarial Standard of Practice No. 27, Selection of Economic Assumptions for Measuring Pension Obligations.

All of the undersigned are members of the American Academy of Actuaries and meet all of the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. In addition, all of the undersigned are experienced in performing valuations for large public retirement systems.

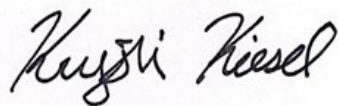
Sincerely,



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



Janie Shaw, ASA, EA, MAAA
Consultant



Krysti Kiesel, ASA MAAA
Consultant

Enclosure



Exhibit 1.
Comparison of Price Inflation Assumption to
Sources of Forward-Looking Expectations

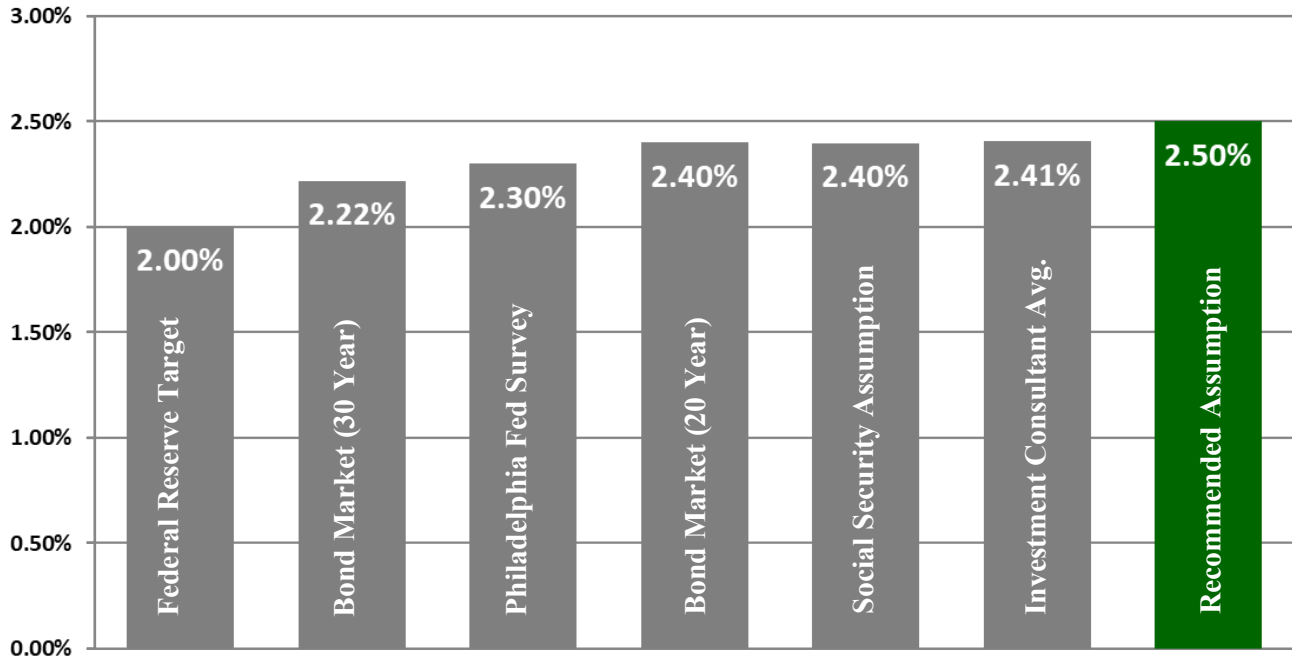


Exhibit 2.

Review of Forward-Looking Capital Market Expectations Mapped CERS's Target Investment Allocation February 2025

	Investment Consultant	50th Percentile Expected Return (Geometric)			Probability of Exceeding 6.50%		
		2025	2024	2023	2025	2024	2023
		(1)	(2)	(3)	(4)	(5)	(6)
7 to 10 Year Expectations	1	6.2%	6.5%	7.3%	45%	50%	58%
	2	6.4%	6.6%	7.0%	49%	54%	56%
	3	6.4%	5.8%	6.5%	49%	43%	50%
	4	6.8%	7.1%	7.2%	53%	56%	57%
	5	6.8%	6.6%	6.3%	54%	51%	48%
	6	7.1%	7.1%	7.5%	55%	56%	60%
	7	7.1%	7.4%	7.0%	56%	59%	55%
	8	7.3%	7.0%	7.4%	59%	55%	60%
20 to 30 Year Expectations	1	6.2%	6.2%	6.3%	45%	50%	58%
	2	7.3%	7.3%	7.6%	49%	54%	56%
	3	7.4%	7.4%	7.6%	49%	43%	50%
	4	7.5%	7.4%	7.3%	53%	56%	57%
	5	7.6%	7.2%	7.3%	54%	51%	48%

7-10 Year Expectation Avg:	6.8%	6.8%	7.0%	52%	53%	55%
20-30 Year Expectation Avg:	7.2%	7.1%	7.2%	50%	51%	54%

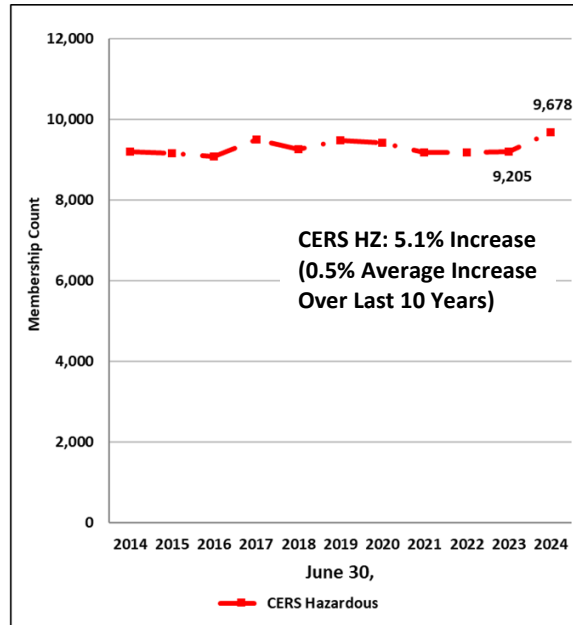
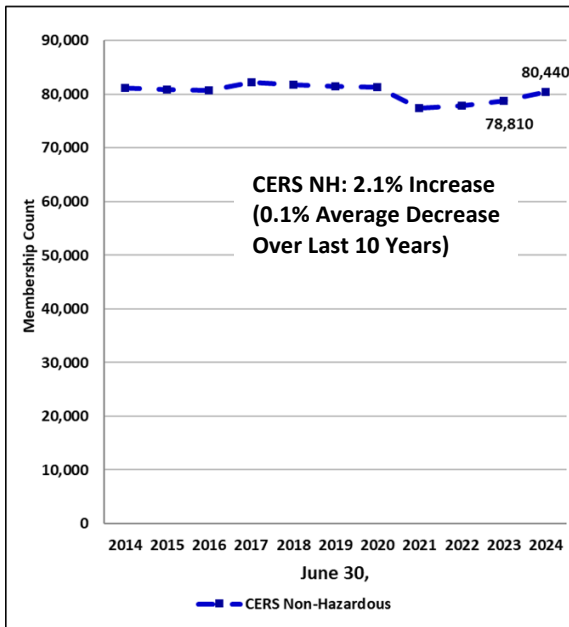
The primary purpose of performing this analysis using multiple investment consulting firms is to quantify the possible difference in forward looking return expectations within the professional investment community. We have provided this analysis based on information from the following investment consulting firms:

- Aon
- BNY Mellon
- Callan
- Cambridge
- Mercer
- NEPC
- RVK
- Wilshire Associates

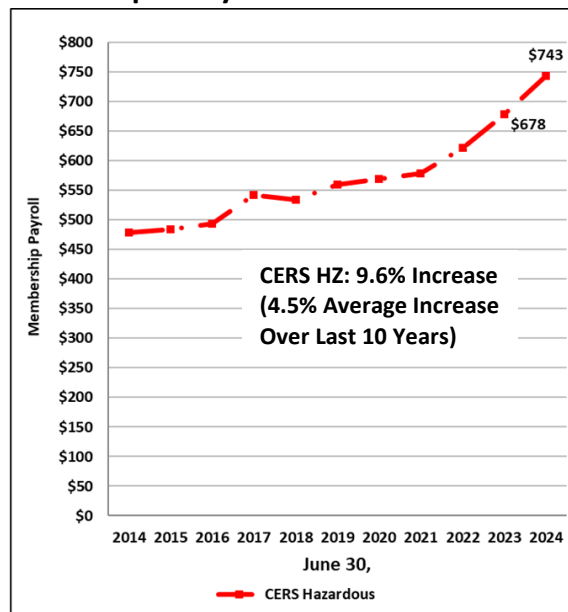
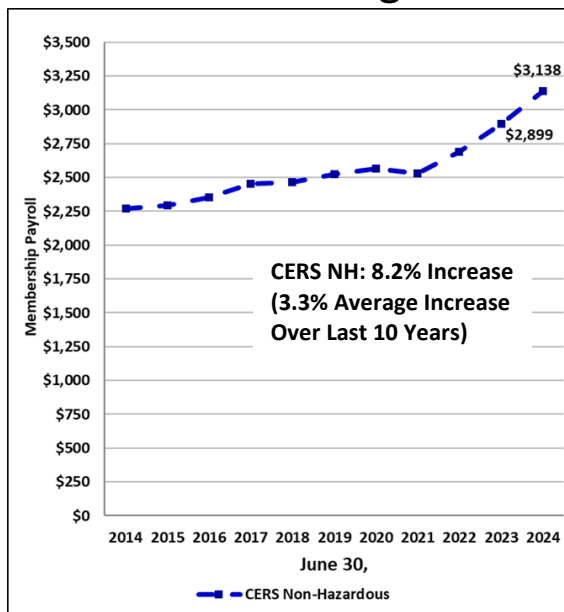


Exhibit 3. Review of Historical Change in Active Membership Headcount and Payroll

Change in Active Membership Headcount



Change in Membership Payroll





MEMORANDUM

TO: County Employees Retirement System Board of Trustees

From: Dr. Merl Hackbart, Chair
Investment Committee

Date: June 9, 2025

Subject: Summary of Investment Committee Meetings

The County Employees Retirement System Investment Committee held a regular meeting on May 28, 2025, that was chaired by Lisle Cheatham.

1. The following items were approved by the Investment Committee and are being forwarded to the County Employees Retirement System Board of Trustees for ratification.*
 - a. There were no actions taken by the Investment Committee that require the ratification of the CERS Board.

RECOMMENDATION: The Investment Committee requests the County Employees Retirement System Board of Trustees ratify the actions taken by the Investment Committee.

2. During the regular meeting the Committee also received information concerning the following:
 - a. Wilshire presented the economic and market overview for the committee. US equities were down (4.8)% for the first quarter. Interestingly, two large market cap sectors were down by double digits. Information Technology, which led the fourth quarter 2024 rally, was down (12.9)%; while consumer discretionary was down (13.5)%. Small caps continued to underperform large caps by 220 bps during the quarter. In fixed-income the 10-year Treasury yield was 4.21%, which was down 37 basis points for the quarter. Wilshire was consistent that their research shows a negative equity risk premium over the next ten years. In other words, stocks will not outperform bonds over that period.

Wilshire indicated that the diversification of the CERS portfolio was a significant factor in limiting the downside exposure of a weak quarter. They indicated their belief that the economy is in a slower growth environment.

- b. The Investment Office reported that all CERS pension funds had less than one-half on one percent growth, .44%, which outperformed the blended benchmark of .37% for the quarter. The fiscal FTD return sits at 5%. The insurance plans had one-third of one-percent growth, .33%, which was slightly below the benchmark of .37% for the quarter. The fiscal YTD return for the insurance plans sits at approximately 4.67%.

Specialty Credit was a strong performer over the quarter. Real Return, Public Equity and Real Estate all outperformed their benchmarks. The largest driver of underperformance was the Private Equity portfolio which underperformed its public market benchmark. The overweight to Public Equity was a modest detractor to performance in the quarter.

- c. Non-US Public Equity increased during the quarter and significantly outperformed US Public Equity. The difference in performance is the greatest disparity in over two decades. However, tariff concerns and the inflation that could be derived from them continue to cast a shadow over the Non-US Public Equity space.
- d. The committee heard the KPPA Compliance Officer, Carrie Bass, report on her Guidelines Review. Ms. Bass indicated she had reviewed nineteen (19) compliance guidelines, she looked at those compliance guidelines by asset class and reported her specific results to the Committee.

***Board of Trustee Action Required**

County Employees Retirement System

Investment Office Quarterly Update

Quarter Ending: March 31, 2025

County Employees Retirement System

Performance and Asset Allocations

Quarter Ending: March 31, 2025



CERS Quarterly Performance Update

March 2025


Pension Portfolios Performance

CERS & CERS-HAZ - PENSION FUND PLAN NET RETURNS - 03/31/25											
Plan	Market Value	Month	3 Months	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	20 Years	30 Years	ITD
CERS	9,972,513,823.48	-1.51	0.45	5.01	6.39	6.08	10.74	7.30	6.77	7.87	8.88
KY Ret. CERS Plan IPS Index		-2.00	0.37	5.22	8.11	6.33	11.04	7.21	6.79	7.91	8.95
CERS- H	3,572,371,159.72	-1.53	0.42	5.00	6.40	6.11	10.71	7.29	6.76	7.86	8.88
KY Ret. CERS Haz Plan IPS Index		-2.00	0.37	5.22	8.11	6.33	11.04	7.21	6.78	7.91	8.95
KPPA PENSION FUND UNIT - NET RETURNS - 03/31/25 - PROXY PLAN ASSET PERFORMANCE											
Structure		Month	3 Months	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	20 Years	30 Years	ITD
PUBLIC EQUITY		-3.77	-1.30	3.67	5.08	6.34	14.79	8.44	7.46	8.76	10.27
MSCI ACWI		-3.88	-1.61	3.83	6.30	6.31	14.75	8.39	7.32	8.59	10.14
PRIVATE EQUITY		0.86	1.29	4.56	4.28	2.80	11.84	11.48	10.49		11.26
Russell 3000 + 3%(Qtr Lag)		-2.50	2.78	14.43	26.81	11.07	16.91	15.58	13.10		12.91
SPECIALTY CREDIT		0.69	2.02	7.52	10.45	8.18	8.77				6.90
50% BB US HY / 50% Morningstar LSTA Lev'd Ln		-0.67	0.74	5.70	7.29	6.14	8.17				5.00
CORE FIXED INCOME		0.02	2.72	4.83	5.15	2.98	2.81	2.60			2.88
Bloomberg US Aggregate		0.04	2.78	4.81	4.88	0.52	-0.40	1.46			1.92
CASH		0.37	1.08	3.65	5.04	4.18	2.55	2.03	2.01	2.74	3.40
FTSE Treasury Bill-3 Month		0.37	1.10	3.75	5.17	4.42	2.69	1.90	1.65	2.40	3.03
REAL ESTATE		0.85	1.61	2.44	1.32	-1.44	4.79	7.49	6.83	6.00	6.14
NCREIF NFI-ODCE Net 1 Qtr in Arrears Index^		0.96	0.96	0.32	-2.27	-3.14	1.99	4.94	5.53	6.99	5.86
REAL RETURN		0.22	2.85	13.83	16.75	12.97	14.85	6.96			6.21
US CPI +3%		0.68	1.86	3.83	5.82	6.99	11.17	4.76			4.34

Insurance Portfolios Performance

CERS INS & CERS HAZ INS - INSURANCE FUND - PLAN NET RETURNS - 03/31/25											
Plan	Market Value	Month	3 Months	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	20 Years	30 Years	ITD
CERS INS	3,668,918,633.17	-1.61	0.33	4.72	6.10	6.11	10.55	7.29	6.46	7.12	7.46
KY Ins. CERS Plan IPS Index		-2.00	0.37	5.22	8.11	6.33	10.77	7.15	6.56	7.42	7.72
CERS - H INS	1,747,105,641.62	-1.57	0.32	4.67	6.08	6.06	10.54	7.34	6.49	7.14	7.48
KY Ins. CERS Haz Plan IPS Index		-2.00	0.37	5.22	8.11	6.33	10.77	7.15	6.56	7.42	7.72
KPPA INSURANCE FUND UNIT - NET RETURNS - 03/31/25 - PROXY PLAN ASSET PERFORMANCE											
Structure		Month	3 Months	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	20 Years	30 Years	ITD
PUBLIC EQUITY		-3.75	-1.26	3.56	4.92	6.24	14.75	8.45	7.32		8.73
MSCI ACWI		-3.88	-1.61	3.83	6.30	6.31	14.73	8.38	7.15		8.57
PRIVATE EQUITY		-1.63	-1.53	0.95	1.53	4.20	11.66	12.04	10.47		10.43
Russell 3000 + 3%(Qtr Lag)		-2.50	2.78	14.43	26.81	11.07	16.91	15.58	12.80		12.50
SPECIALTY CREDIT		0.75	2.10	7.61	10.59	8.42	8.80				6.84
50% BB US HY / 50% Morningstar LSTA Lev'd Ln		-0.67	0.74	5.70	7.29	6.14	8.17				5.00
CORE FIXED INCOME		0.02	2.71	4.78	5.08	2.79	2.66	2.50			2.62
Bloomberg US Aggregate		0.04	2.78	4.81	4.88	0.52	-0.40	1.46			1.92
CASH		0.37	1.08	3.65	5.04	4.18	2.54	1.89	1.85		2.60
FTSE Treasury Bill-3 Month		0.37	1.10	3.75	5.17	4.42	2.69	1.90	1.65		2.51
REAL ESTATE		0.88	1.59	2.44	1.05	-1.55	4.65	7.47			7.96
NCREIF NFI-ODCE Net 1 Qtr in Arrears Index^		0.96	0.96	0.32	-2.27	-3.14	1.99	4.94			4.66
REAL RETURN		0.29	2.43	13.16	15.51	11.75	13.49	6.54			5.81
US CPI +3%		0.68	1.86	3.83	5.82	6.99	10.57	4.79			4.38

Internal Portfolio Performance




Monthly Internally Managed Portfolio Performance (Net of Fee)

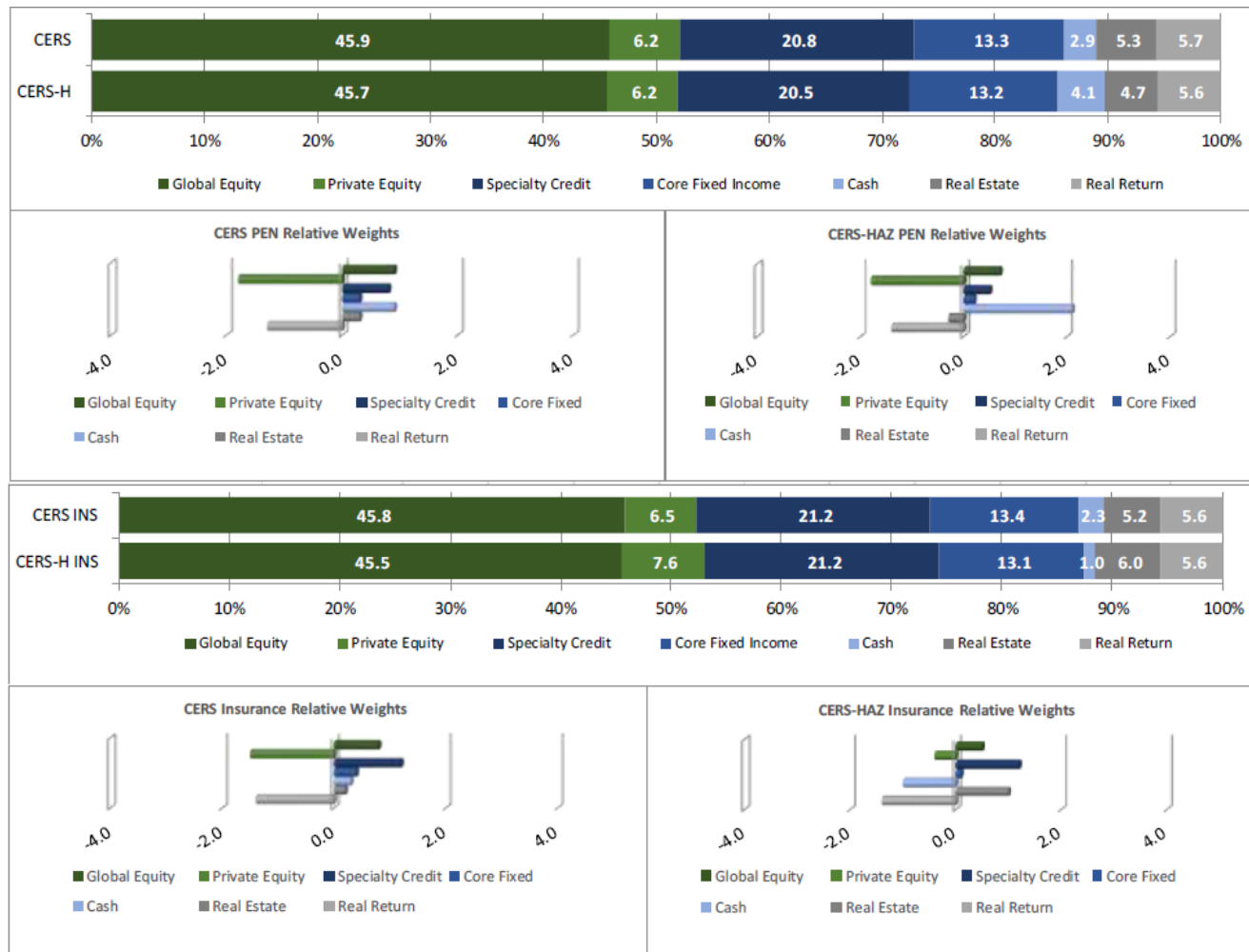
As of Date: 3/31/2025

Structure	Market Value	% of Total	Month	3 Months	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	20 Years	ITD	Inception Date
PUBLIC EQUITY												
S&P 500 INDEX	3,290,869,680.68	16.43	-5.61	-4.24	3.87	8.30	9.15	18.64	12.63	10.46	9.03	2001-07-01
KY Ret. S&P/Russell Blend			-5.63	-4.27	3.80	8.25	9.06	18.59	12.50	10.39		
Internal US Mid Cap	225,295,717.32	1.12	-5.40	-6.03	0.94	-2.36	5.19	17.50	8.94		9.54	2014-08-01
S&P MidCap 400 Index			-5.47	-6.10	0.77	-2.70	4.42	16.91	8.43		9.07	
Scientific Beta	280,958,359.52	1.40	-2.90	1.14	8.60	7.63	6.62	15.87			10.63	2016-07-01
S&P 500 Index			-5.63	-4.27	3.80	8.25	9.06	18.59			13.87	
PRIVATE EQUITY												
INTERNAL PRIVATE EQ	87,113,463.18	0.43	-3.68	-2.54	4.55	7.23					11.67	2023-12-01
CORE FI												
INTERNAL CORE FI	1,045,106,551.94	5.22	-0.02	2.75	4.84	4.91					5.34	2023-09-01
Bloomberg US Aggregate Bond Index			0.04	2.78	4.81	4.88					5.19	
REAL ESTATE												
INTERNAL REAL ESTATE	48,609,713.50	0.24	-2.10	3.38	10.95	8.89					6.95	2023-12-01
NCREIF NFI-ODCE Net 1 Qtr in Arrears Index^			0.96	0.96	0.32	-2.27						
REAL RETURN												
INTERNAL REAL RETURN	223,841,713.07	1.12	0.88	5.26	13.05	13.33					13.61	2023-12-01
KRS CPI + 300 bpts			0.68	1.86	3.83	5.82					5.77	
INTERNAL TIPS	145,599.44	0.00	0.37	1.08	3.65	5.02	4.40	2.93	2.43	3.47	4.25	2002-05-01
KR2 Internal US TIPS Blend			0.97	3.93	5.78	6.99	1.86	3.47	2.84	3.63		
CASH ACCOUNT	620,210,911.01	3.10	0.37	1.08	3.65	5.04	4.18	2.55	2.03	2.01	3.40	1988-01-01
FTSE Treasury Bill-3 Month			0.37	1.10	3.75	5.17	4.42	2.69	1.90	1.65	3.03	

Asset Class Gross Performance - Pension

 Kentucky Retirement Systems Pension Board Asset Class Performance As of Date: 3/31/2025										
Structure	Account Id	Market Value	Month	3 Months	Fiscal YTD	1 Year	3 Years	5 Years	ITD	Inception Date
CERS	KR2F00030002									
TOTAL GROSS OF FEES	KR2F00030002	9,975,886,740.62	-1.43	0.59	5.47	7.02	6.72	11.55	9.09	4/1/1984
EQUITIES	KR2F00030002	4,655,577,394.18	-3.69	-1.24	3.78	5.18	6.41	14.93	95.58	7/1/2013
FIXED INCOME	KR2F00030002	3,396,478,746.75	0.63	2.56	7.24	9.65	7.41	7.38	89.42	7/1/2013
REAL ESTATE	KR2F00030002	529,941,709.90	1.18	1.77	2.58	1.61	-1.05	4.75	45.63	7/1/2013
ALTERNATIVE INVESTMENTS	KR2F00030002	1,098,511,849.27	0.47	1.68	8.50	9.82	7.45	14.03	79.36	7/1/2013
OTHER	KR2F00030002	4,567,104.08	19.85	-4.84	-11.20	-16.66	-21.80	-18.36	34.41	7/1/2013
CASH & TEMPORARY	KR2F00030002	290,809,936.44	0.37	1.08	3.65	5.04	4.03	2.46	32.42	7/1/2013
TOTAL NET OF FEES	KR2F00030002	9,972,513,823.48	-1.51	0.45	5.01	6.39	6.08	10.74	8.88	4/1/1984
CERS- H	KR2F00040002									
TOTAL GROSS OF FEES	KR2F00040002	3,573,601,117.32	-1.45	0.55	5.45	7.01	6.72	11.50	9.08	4/1/1984
EQUITIES	KR2F00040002	1,661,573,527.36	-3.69	-1.24	3.78	5.19	6.42	14.95	95.60	7/1/2013
FIXED INCOME	KR2F00040002	1,204,037,146.29	0.57	2.50	7.10	9.44	7.28	7.26	89.32	7/1/2013
REAL ESTATE	KR2F00040002	167,376,607.91	1.17	1.77	2.58	1.62	-1.03	4.76	44.83	7/1/2013
ALTERNATIVE INVESTMENTS	KR2F00040002	392,321,413.03	0.38	1.59	8.64	10.09	7.61	14.08	77.06	7/1/2013
OTHER	KR2F00040002	2,886,775.81	10.69	-2.76	-2.76	-6.06	-7.36	-6.17	29.74	7/1/2013
CASH & TEMPORARY	KR2F00040002	145,405,646.92	0.37	1.08	3.65	5.04	4.10	2.50	24.66	7/1/2013
TOTAL NET OF FEES	KR2F00040002	3,572,371,159.72	-1.53	0.42	5.00	6.40	6.11	10.71	8.88	4/1/1984

Allocations



Performance Highlights

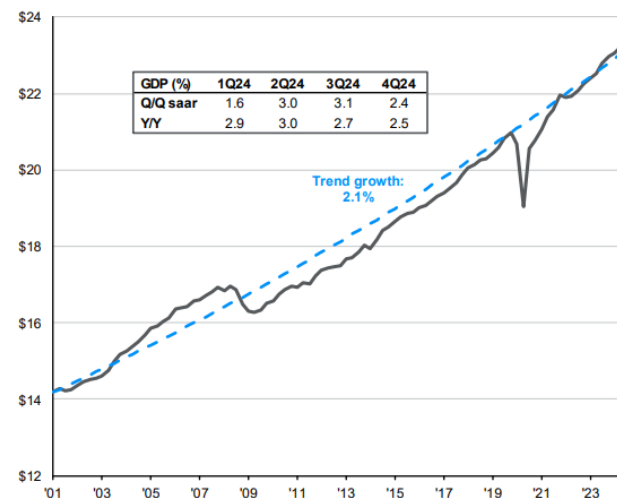
- The CERS Pension Composite produced a return of 0.44% for the quarter outperforming the blended benchmark return of 0.37%.
- The CERS Insurance Composite produced a return of 0.33% for the quarter versus the benchmark return of 0.37%.

<i>CERS Pension</i>	<i>0.45%</i>
<i>CERSH Pension</i>	<i>0.42%</i>
<i>CERS Insurance</i>	<i>0.33%</i>
<i>CERSH Insurance</i>	<i>0.32%</i>
<i>Benchmark 0.37%</i>	

- Across portfolios, the largest contributor to outperformance during the quarter was the strong outperformance in the Specialty Credit portfolio as managers produced positive excess performance across mandates. The Real Return, Public Equity and Real Estate portfolios all outperformed their benchmarks during the quarter.
- The largest driver of underperformance was the Private Equity portfolio's underperformance relative to its public market benchmark. The overweight to Public Equity was also a modest detractor from overall performance during the quarter.
- Fiscal year to date, the CERS Pension Composite produced a return of 5.00% underperforming the blended benchmark by 22bps while the CERS Insurance Composite produced a return of 4.71% versus the blended benchmark return of 5.22%.

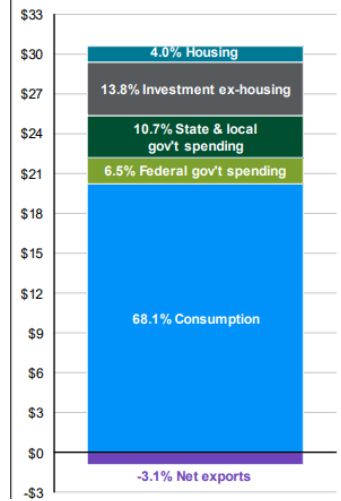
Real GDP

Trillions of chained (2017) dollars, seasonally adjusted at annual rates



Components of GDP

4Q24 nominal GDP, USD trillions



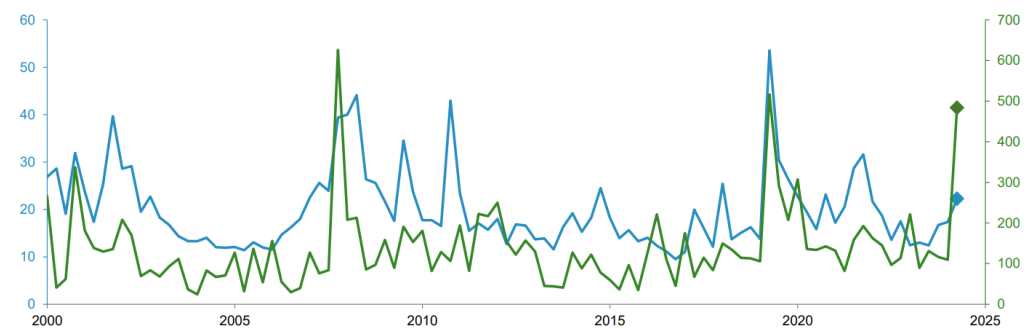
	S&P 500	International	Markets	Small Cap	U.S. Aggregate	Municipal	High Yield	Bank Loan	Commodities
S&P 500	1.00	0.86	0.68	0.86	0.39	0.42	0.80	0.60	0.38
International	0.83	1.00	0.79	0.76	0.43	0.47	0.80	0.60	0.44
Emerging Markets	0.62	0.75	1.00	0.60	0.39	0.44	0.70	0.56	0.49
Small Cap	0.84	0.76	0.58	1.00	0.29	0.34	0.76	0.63	0.36
U.S. Aggregate	0.62	0.69	0.63	0.52	1.00	0.84	0.50	0.15	-0.05
Municipal	0.59	0.67	0.62	0.52	0.86	1.00	0.56	0.29	0.03
High Yield	0.83	0.81	0.65	0.77	0.73	0.72	1.00	0.80	0.49
Bank Loan	0.61	0.58	0.55	0.61	0.36	0.33	0.71	1.00	0.49
Commodities	0.27	0.35	0.33	0.21	0.02	0.04	0.31	0.29	1.00

5 Years ended March 31, 2025 10 Years ended March 31, 2025

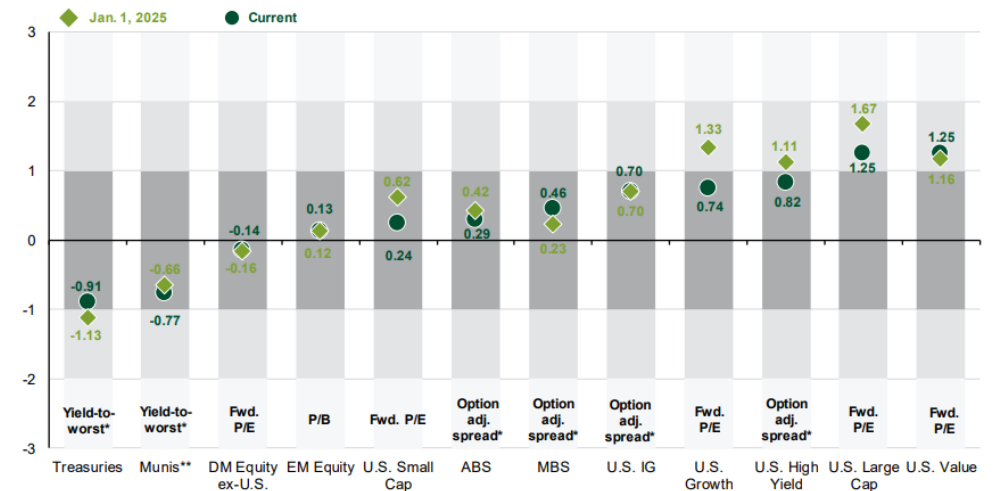
Performance Highlights

- Fiscal year to date, strong outperformance in the Real Return and Specialty Credit portfolios have been the most significant drivers of relative performance while underperformance in the Private Equity portfolio has been the largest detractor.
- Uncertainty about the direction of US policy weighed on financial markets during the first quarter, as investors digested news about a flurry of executive actions, including tariff hikes, deregulation announcements, cuts to government staffing and programs, and tighter immigration activities.
- The quarter was a roller coaster for markets as the post-election optimism in the US gave way concerns over concerns that policy uncertainty could tip the economy into a recession which saw the S7P 500 hitting a new record high in mid February only to tumble into a correction in just three weeks.
- The heightening concern around growth and inflation was in contrast to an otherwise solid showing by the US economy: headline consumer price inflation for February rose only modestly while employment data for March exceeded forecasts with the economy adding 228,000 jobs. Despite the robust economic data, forward-looking expectations started to price increased uncertainty around tariffs, their rates, implementation, scope and their potential impact on the U.S. economy.

Stock Market Volatility and Policy Uncertainty
 — Stock Market Volatility — Economic Policy Uncertainty
 VIX Index



Asset class valuations
 Z-scores based on 25-year average valuation measures



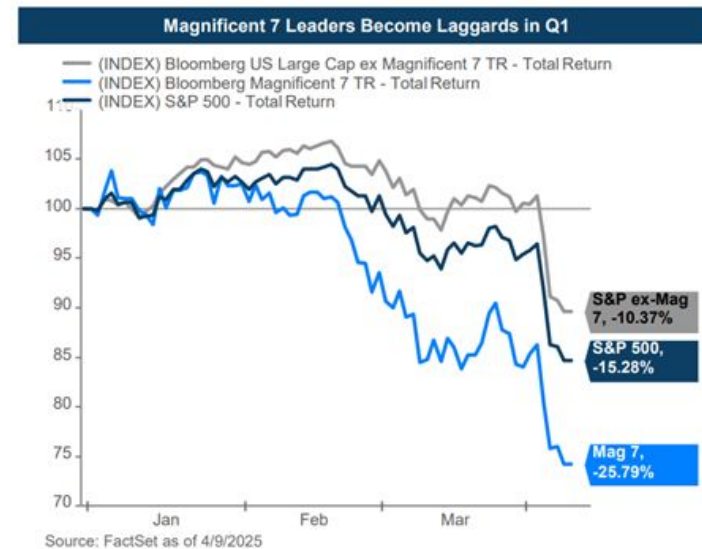
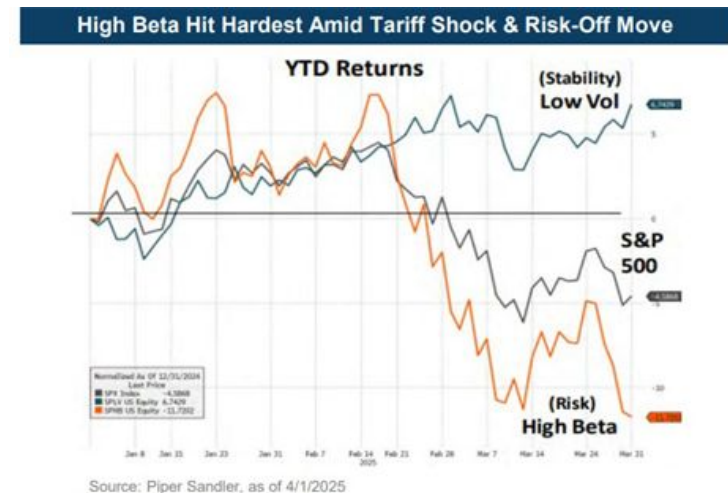
Performance Highlights

Public Equities

- Global equity markets had a heterogeneous performance during the fourth quarter as US equity markets reacted positively to President Trump's election in November, driven mostly by a positive sentiment regarding optimism of a lower regulatory burden under his presidency while European equity investors were more bearish on the news due to growing concerns about the region's trade relationships with the US.

US Markets

- The first quarter of 2025 was a continuation of market cap leadership; however, style leadership experienced a sharp reversal
 - Large caps continued to outperform (SP500: -4.27% vs Midcap: -6.10% vs R2000: -9.48%)
 - Value significantly outperformed Growth by 11.64% (R3000V: 1.64% vs R3000G: -10.00%)
 - Quality and dividend yield outperformed
 - Low volatility outperformed high beta
 - Mag7 equities were punished compared to the rest of the market (valuations were stretched)
- The quarter began with strong momentum resulting in new highs which subsequently gave way to significant drop in response to tariffs and increasing fears of recession
 - All major indices fell as risk was re-priced
 - If tariff policy persists, concerns for more inflation and weaker growth

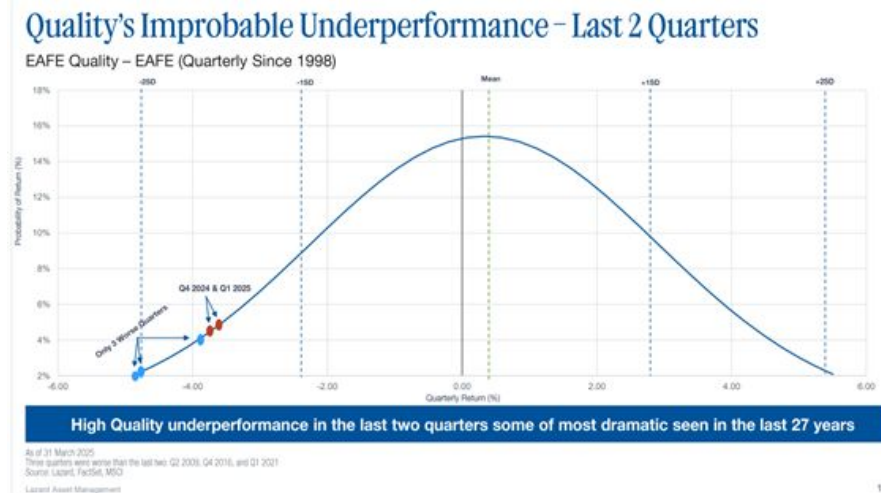
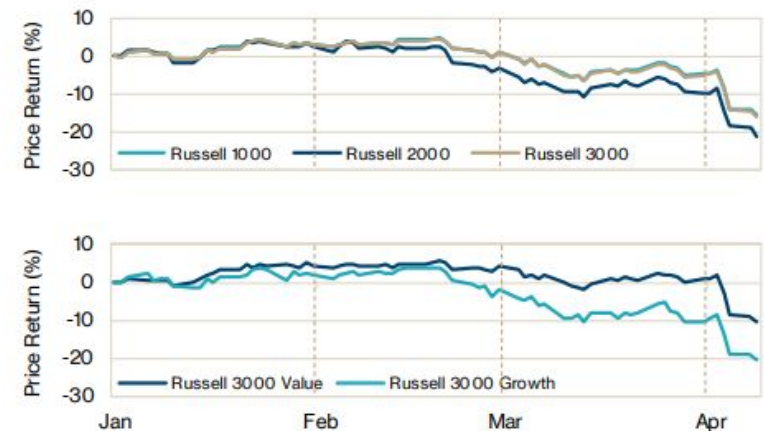


Performance Highlights

Public Equities

International Markets

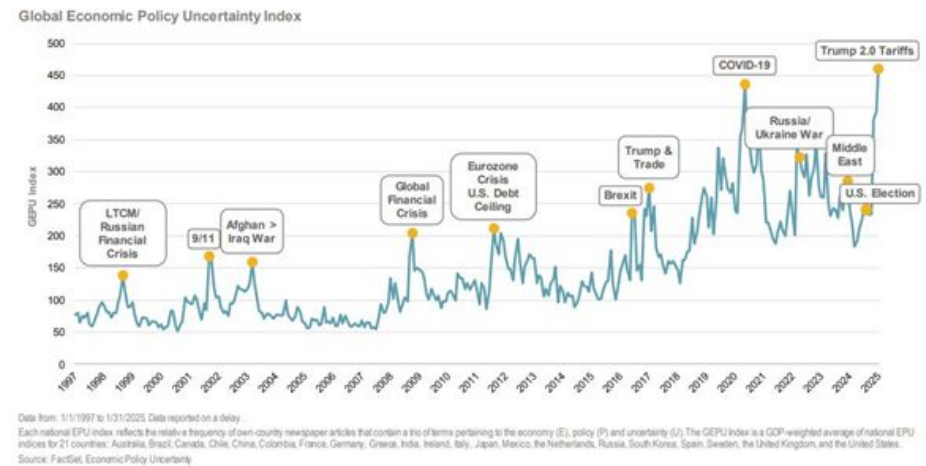
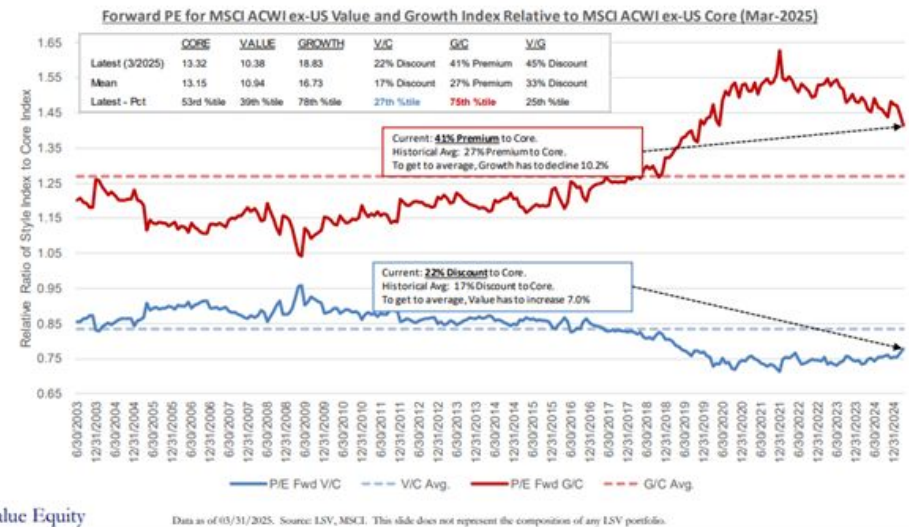
- Increased during the quarter and significantly outperformed the US (greatest in 2 decades)
- Tariffs continue to loom over international markets (inflation concerns)
 - Lower quality (defined by ROE) has outperformed the last two quarters
 - European markets have re-rated
 - Opportunities in the defense sector have emerged in response to US NATO stance
 - German markets responded positively to stimulus package focusing on infrastructure and climate
 - China outperformed as growth began to improve
- Last 2 quarters have been some of the toughest on record for quality (difficult for active management)
- Value and growth valuation discrepancies remain elevated and outside of historical norms



Performance Highlights

Public Equities

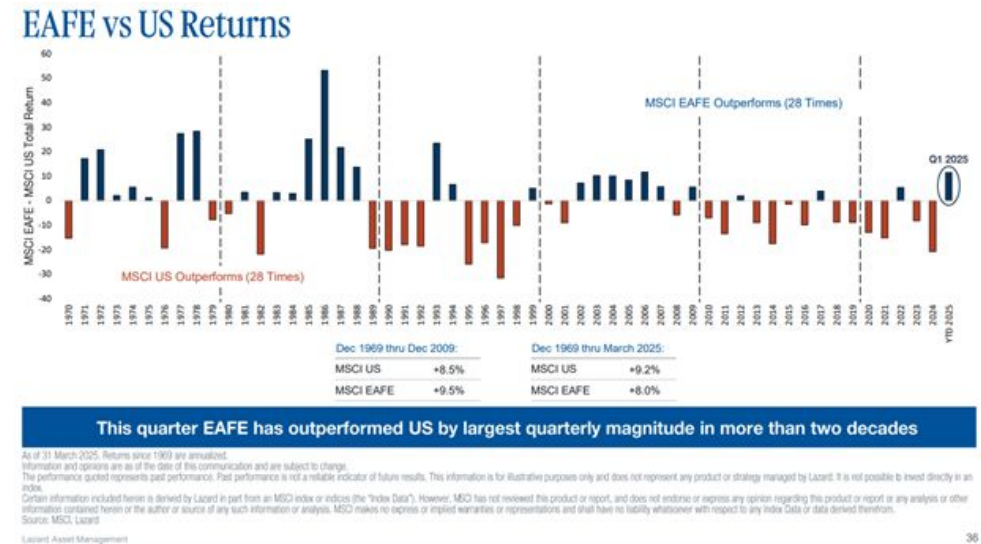
- 1Q25: KPPA Global Equity -1.30% vs MSCI ACWI IMI -1.61%
 - NonUS Equity tilt drove relative outperformance as these markets outpaced the US by over 9.3%
 - US stock selection strength
- 1Q25: KPPA US Equity -4.57% vs Russell 3000 -4.72%
 - Value tilt contributed to relative outperformance, while market cap positioning detracted
 - Solid stock selection: 6 of 7 mandates outperformed
- 1Q25: KPPA NonUS Equity 4.39% vs MSCI ACWI Ex-US IMI 4.59%
 - Individual mandate relative performance was evenly split
 - Stock selection was the primary driver within the context of individual strategies



Performance Highlights

Public Equities

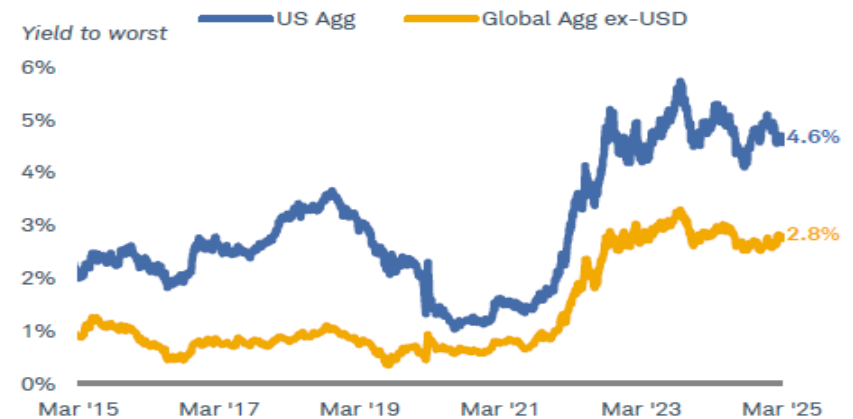
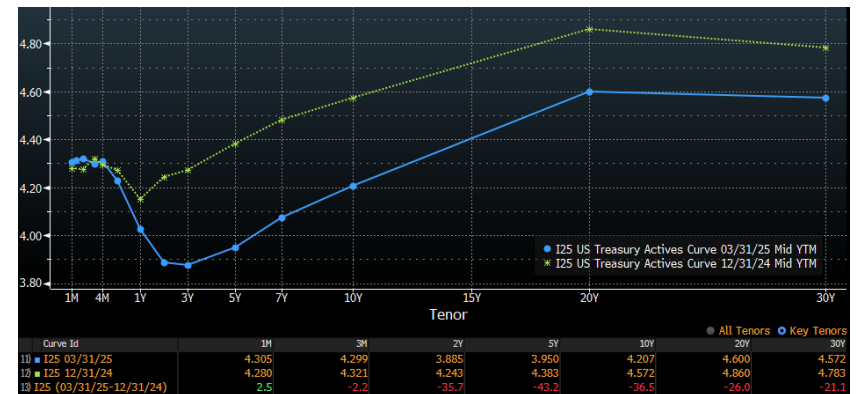
- 12months: KPPA Global Equity 5.08% vs MSCI ACWI IMI 6.30%
 - Allocation driven headwinds
 - U/W US Equity
 - Within regions, investment exposure tilts versus benchmark
- 12months: KPPA US Equity 6.39% vs Russell 3000 7.22%
 - Relative underperformance driven by allocation
 - Value and smaller cap bias have been headwinds
 - R3000V 6.66% vs R3000G 7.18%
 - SP500 8.25% vs Russell Midcap -2.70% vs Russell 2000 -4.01%
 - Partially offset by solid stock selection (5 out of 7 outperformed)
- 12months: KPPA NonUS Equity 3.15% vs MSCI ACWI Ex-US IMI 5.50%
 - Individual strategy performance was mixed; split 50/50
 - Stock selection drove relative performance
 - Left tails were significantly larger than right
 - Value mandates held up better than growth



Performance Highlights

Core Fixed Income

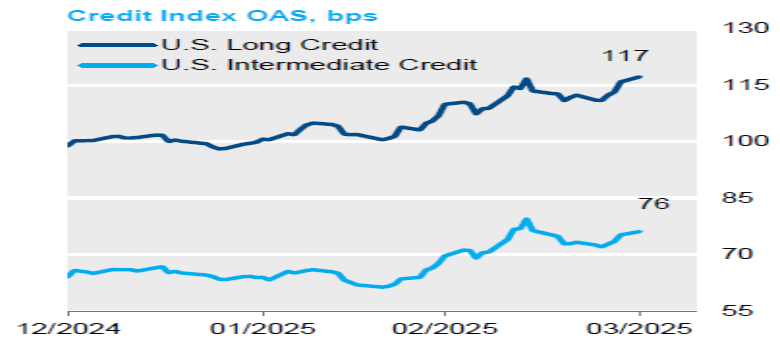
- As widely expected, the Federal Reserve at its January and March meetings kept the key borrowing rate unchanged in the range between 4.25% - 4.50% where it has been since December. In addition, the FOMC downgraded its collective outlook for economic growth and increased its inflation projection. Yields ultimately finished lower and the curve bull steepened.
- The 2YR and 5YR US Treasury yields fell 36 basis points and 43 basis points to close at 3.89% and 3.95%, respectively. The 10YR yield was 37 basis points lower to close at 4.21%. The 20YR and 30YR yields were lower 26 basis points and 21 basis points to finish the quarter at 4.60% and 4.57%, respectively.
- During the quarter, the 2-10YR curve remained the same finishing with a spread of 32 basis points.
- The strong correlation between bond returns and starting yields reflects the large contribution of coupon payments over time. As of 3/31/2025, yield-to-worst of the Bloomberg US Aggregate Bond Index was about 4.60%, providing a reasonable estimate of forward-looking annualized returns.



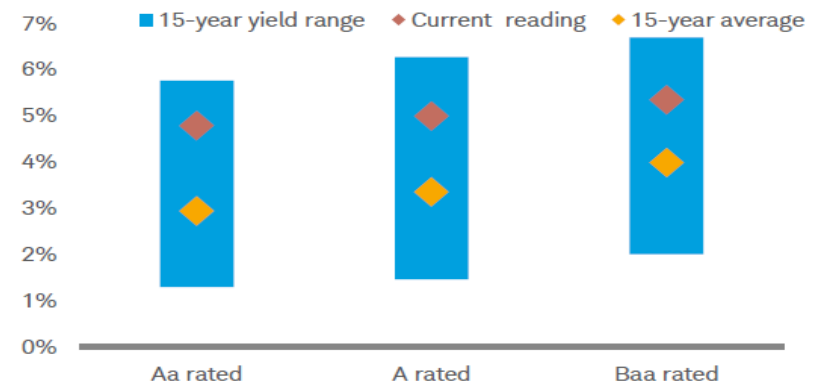
Performance Highlights

Core Fixed Income

- The Core Fixed Income Portfolio produced a return of 2.72% for the quarter and 4.83% fiscal year-to-date, slightly underperforming the benchmark by 6 basis points during the quarter but outperforming by 2 basis points fiscal year-to-date.
- For the quarter, the portfolio's relative underperformance was driven by the Corporate Credit allocation as the sector's excess return was -0.85%, as tariff uncertainty rattled markets during March.
- Credit spreads widened amidst the risk-off backdrop and in the face of heavy supply. The credit curve steepened as intermediate and long credit spreads widened 10 and 17 basis points, respectively.
- Average yields for Aa, A and Baa rates corporates are still well above their 15-year averages and at the high end of their 15-year ranges. Growth concerns could result in heightened volatility going forward.



Investment grade corporate bond yields are still well above their 15-year averages

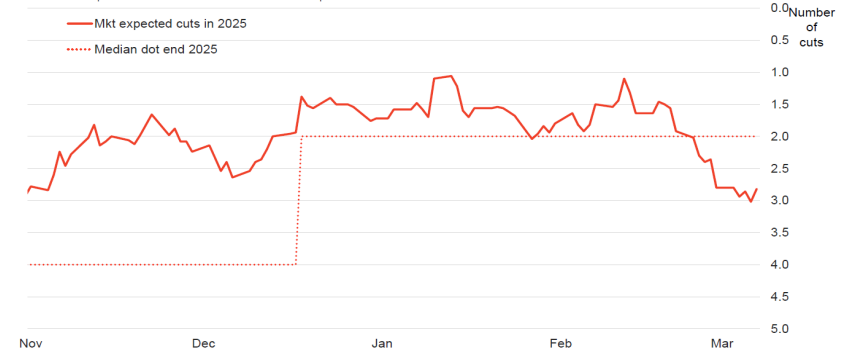


Performance Highlights

Liquidity

- The FOMC left policy unchanged during the quarter. The new forecast suggests heightened uncertainty this year, with growth expected to be weaker, but inflation momentarily higher.
- The median fed funds forecast did not change but some FOMC participants believe the rate will have to remain higher for longer.
- The Liquidity portfolio produced a return of 1.08% for the 3-month period ending March 31st, slightly underperforming the 3-Month Treasury Bill benchmark which returned 1.10%.
- For fiscal year-to-date, the Liquidity portfolio returned 3.65%, slightly underperforming the benchmark by 10 basis points.
- Near-term inflation expectations jumped to their highest level since 1981. The rise in long-term inflation expectations should catch the Federal Reserve's attention. However, the bond market doesn't believe tariffs will cause persistently higher inflation but consumers are less convinced.
- Chair Powell said the FOMC expects inflation from tariffs to be "transitory."

Market expectation versus FOMC dot-plot median



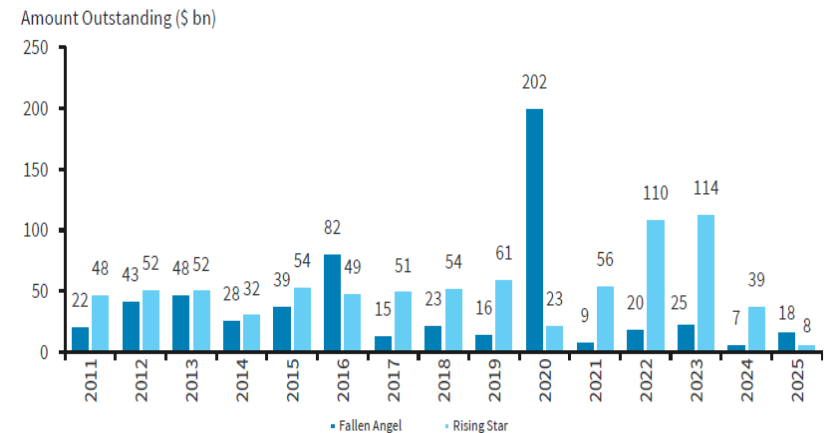
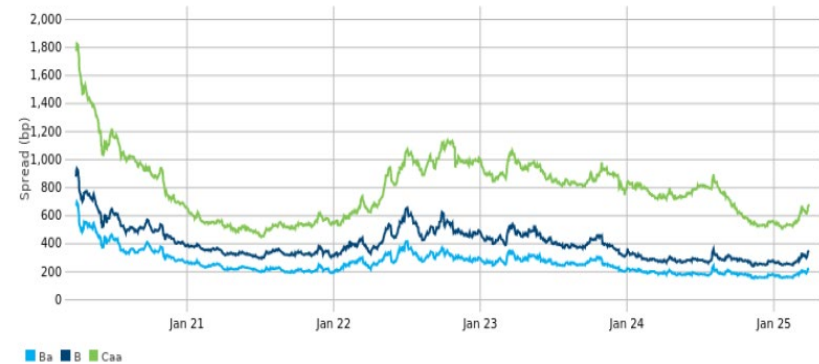
US: Michigan consumer inflation expectations



Performance Highlights

Specialty Credit Fixed Income

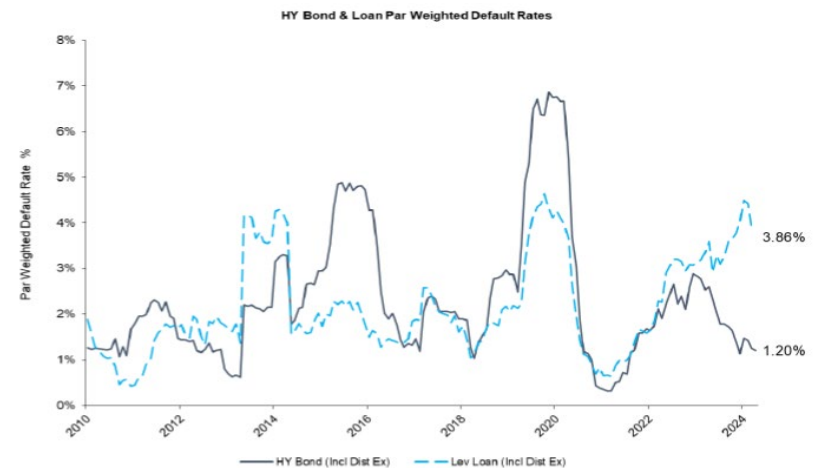
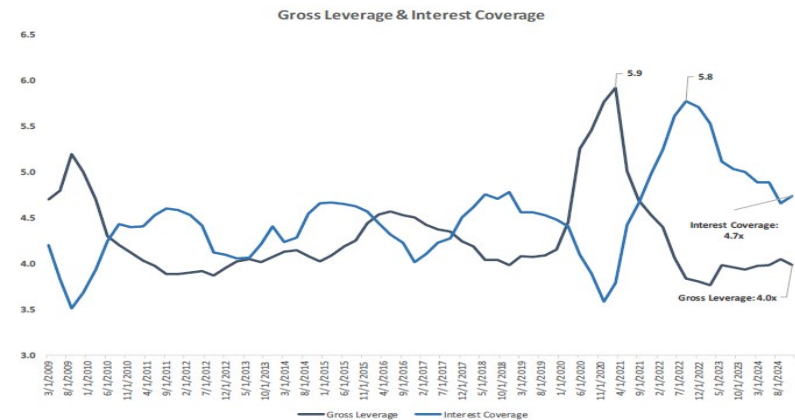
- The Specialty Credit portfolio produced a return of 2.02% for the quarter and 7.52% fiscal year-to-date, outperforming the custom benchmark which returned 0.74% and 5.70%, respectively.
- Over longer periods the portfolio has contributed outperformance, beating the benchmark by 204 and 60 basis points over three- and five-year periods, respectively.
- Softening macroeconomic data and forward earnings guidance along with increasing trade policy uncertainty resulted in modestly wider high yield valuations while total returns remained slightly positive.
- The risk-off tone resulted in decompression with lower-quality issues underperforming with B and CCC returning 0.74% and -0.43%, respectively.
- In a reversal of the multi-year trend, fallen angels outpaced rising stars by a 3:1 ratio. The first quarter of 2025 saw the largest fallen angel volume since second quarter 2020.
- The High Yield option adjusted spread (OAS) widened 60 basis points for the quarter to 347.



Performance Highlights

Specialty Credit Fixed Income

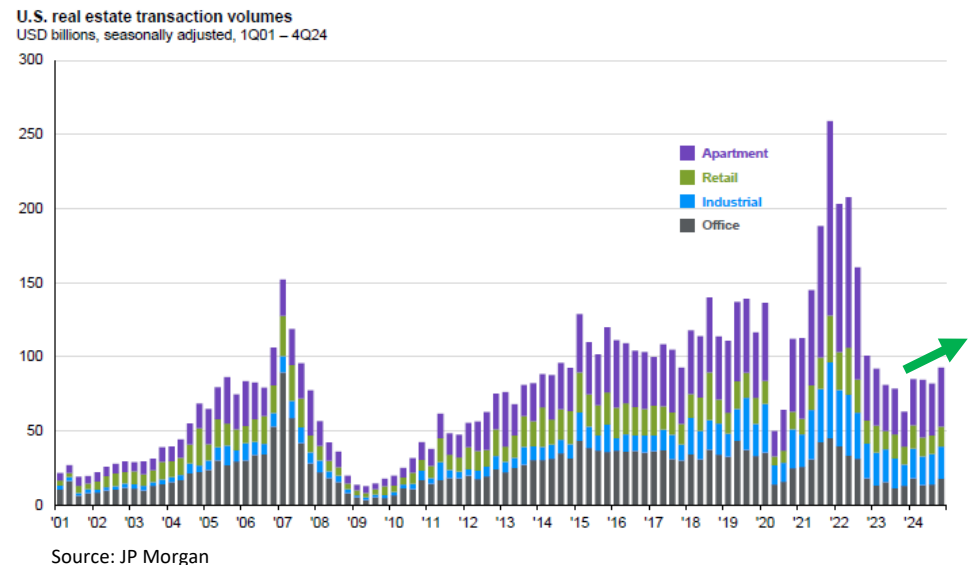
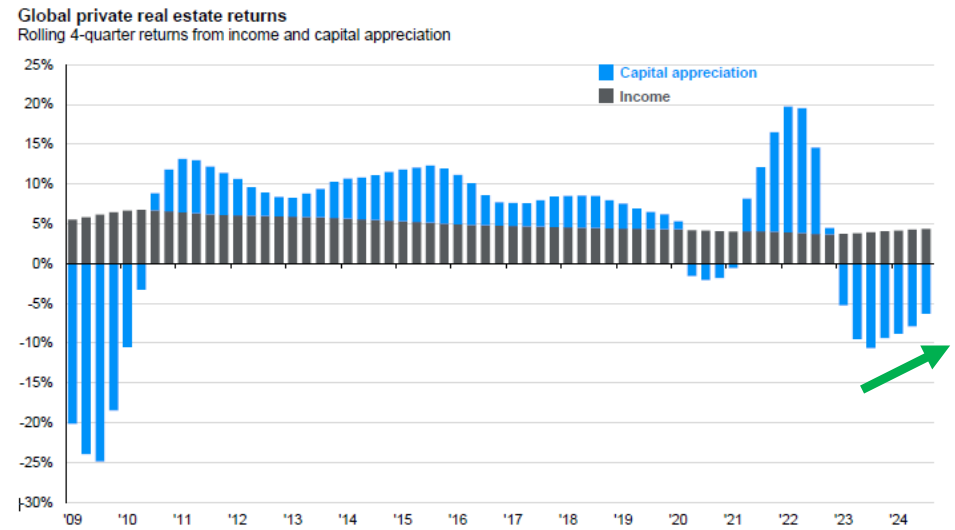
- Earnings reports from high yield issuers maintained the recent trend of generally meeting expectations and are yet to indicate broad, material fundamental improvement or deterioration.
- Modestly positive revenue and EBITDA growth continued while leverage and interest coverage metrics remained stable.
- The high yield bond default and distressed exchange activity remained moderate for the quarter. The LTM par-weighted default rate including distressed exchanges decreased to 1.20%.
- Default and distressed exchange activity remains concentrated in the leveraged loan market, where the par-weighted default rate including distressed exchange decreased to 3.86%.
- The 270 basis point spread between high yield bond and leveraged loan default activity remains near multi-decade highs
- The Morningstar LSTA US Leveraged Loan index declined -0.31% in March, the first monthly decline after 16 consecutive monthly gains. However, the index gained 0.48% for the quarter ending March 31, 2025 and produced a positive 4.86% for the fiscal year-to-date.



Performance Highlights

Real Estate (as of 12/31/24 - 1 quarter lag)

- Real Estate markets and sentiment have continued to rebound, with the Open End Diversified Core Equity (NFI-ODCE) index posting a second consecutive positive quarter after two years of declines.
- The Real Estate portfolio's value grew 1.61% during the quarter, outpacing the benchmark's 0.96% return.
- The portfolio's three open-end Core strategies (~2/3 total exposure) all produced positive returns during the fourth quarter. Although some valuation markdowns persist, they were more than offset by the funds' 3.5%+ annual income returns.
- During the second half of 2024, those same three open-end Core funds collectively raised over a billion dollars, largely cleared their redemption queues, and called capital from their contribution queues to start playing offense.
- This increased activity is also reflected in transaction volumes across all sectors, which has started to climb again from the trough reached in late 2023.



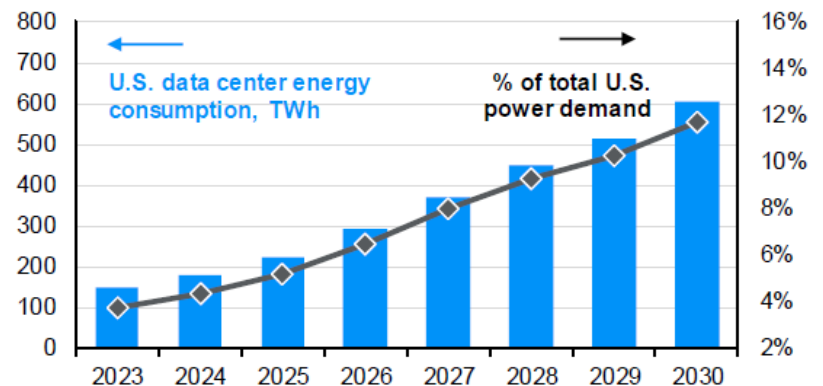
Performance Highlights

Real Return

- The Real Return portfolio continued to perform well during the quarter, posting a return of 2.85% that was above its benchmark return of 1.86%.
- The portfolio's MLP exposure gained 6.8% during 1Q 2025 and has returned over 26% annualized over the past three years. Midstream energy companies have continued to grow free cash flow and volumes and are benefiting from the tailwind of data centers' voracious energy demand.
- The portfolio's farmland mandate was funded in 4Q 2024 and returned 3.1% during that quarter.
- The portfolio's inland marine manager returned 1.4% for 4Q 2024 and 8.2% for the full year. The remainder of KPPA's original 2023 commitment plus an incremental \$100 million are scheduled to be deployed at the end of 2Q 2025.
- Over half of the portfolio's railcar leasing allocation was called during 1Q 2025.

Data center expected growth in electricity demand

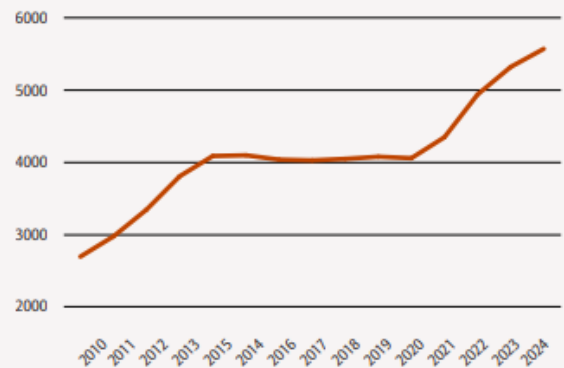
U.S. data center energy consumption, projections through 2030



Source: JP Morgan

Average cropland value (USD/acre)

United States: 2010–2024

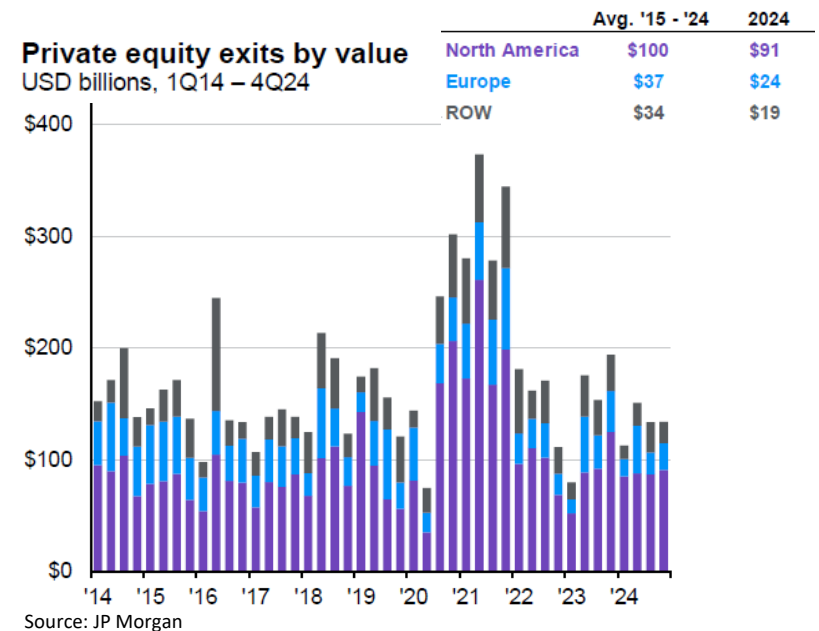


Source: Bank of America, US Department of Agriculture

Performance Highlights

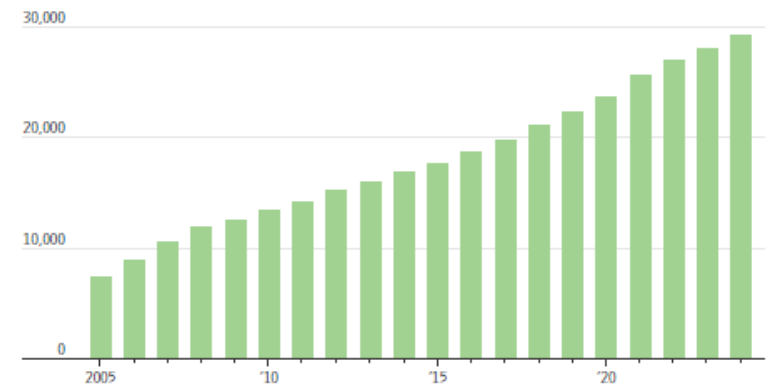
Private Equity (as of 12/31/24 - 1 quarter lag)

- The Private Equity portfolio produced a return of 1.3% for the quarter, trailing the benchmark's return of 2.8%.
- Performance relative to the benchmark (Russell 3000 + 3%, lagged one quarter) has continued to lag due to a robust equity market that gained ~25% during 2024.
- Transaction activity and exits have picked up in recent quarters but remain well below 2021 levels. Higher interest rates have unfavorably impacted buyout math, and the broader market uncertainty driven by tariffs has not helped.
- As a result, the number of portfolio companies that private equity firms are waiting to sell hit another record high in 2024 near 30,000.



Private-equity glut

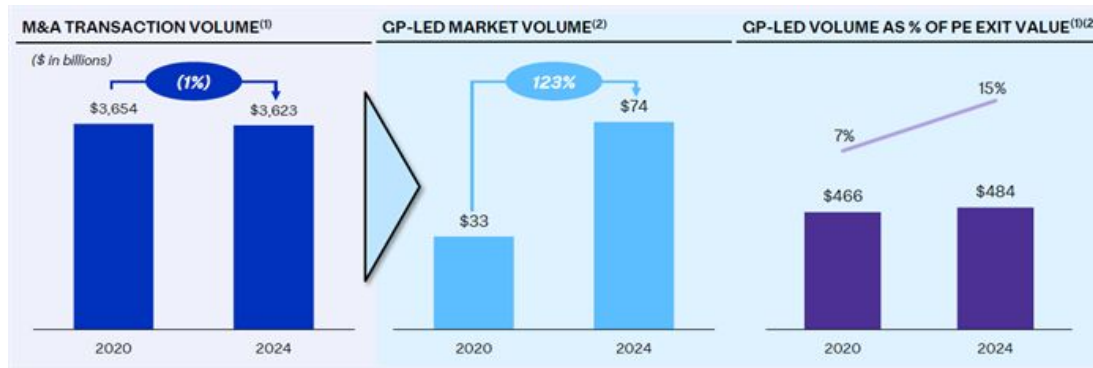
Firms are sitting on a record number of companies globally they're waiting to sell



Performance Highlights

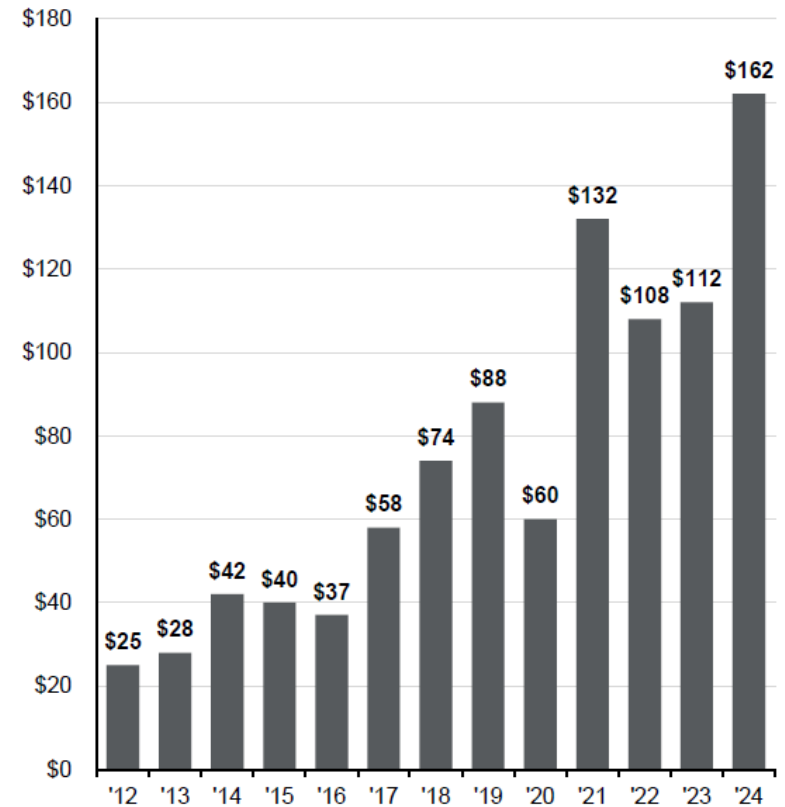
Private Equity

- This glut of unsold companies has helped the secondary market continue to grow. 2024 secondary transaction volume of \$162 billion was a record high and shattered the previous high of \$132 billion in 2021.
- Continuation vehicles (the most prevalent type of GP-led secondaries) have been gaining popularity since they offer LPs liquidity while allowing GPs to continue holding and growing their best assets.
- KPPA invested in two continuation vehicles during 4Q 2024 and received proceeds from three others during the first five months of 2025.



Source: PJT Park Hill

Secondary market volume USD billions



Source: JP Morgan

Asset Class Performance

Asset Class Returns - Best to Worst

2020	2021	2022	2023	2024	2025 YTD
U.S. Equity 20.8%	REITs 46.2%	Commodities 16.1%	U.S. Equity 26.1%	U.S. Equity 23.8%	Commodities 8.9%
Emrg Mrkts 18.7%	Commodities 27.1%	T-Bills 1.3%	Developed 18.9%	REITs 9.1%	Developed 7.0%
U.S. TIPS 11.0%	U.S. Equity 26.7%	High Yield -11.2%	REITs 16.1%	High Yield 8.2%	U.S. TIPS 4.2%
Developed 8.3%	Developed 11.8%	U.S. TIPS -11.8%	High Yield 13.4%	Emrg Mrkts 8.1%	Emrg Mrkts 3.0%
Core Bond 7.5%	U.S. TIPS 6.0%	Core Bond -13.0%	Emrg Mrkts 10.3%	Commodities 5.4%	Core Bond 2.8%
High Yield 7.1%	High Yield 5.3%	Developed -14.0%	Core Bond 5.5%	T-Bills 5.3%	T-Bills 1.0%
T-Bills 0.7%	T-Bills 0.0%	U.S. Equity -19.0%	T-Bills 5.1%	Developed 4.3%	REITs 1.0%
Commodities -3.1%	Core Bond -1.5%	Emrg Mrkts -19.7%	U.S. TIPS 3.9%	U.S. TIPS 1.8%	High Yield 1.0%
REITs -7.9%	Emrg Mrkts -2.2%	REITs -26.8%	Commodities -1.3%	Core Bond 1.3%	U.S. Equity -4.8%

Annualized 5-Year as of 3/25

U.S. Equity 18.3%
Commodities 14.5%
Developed 12.3%
REITs 11.2%
Emrg Mrkts 8.4%
High Yield 7.3%
T-Bills 2.6%
U.S. TIPS 2.4%
Core Bond -0.4%

Data Sources: Bloomberg

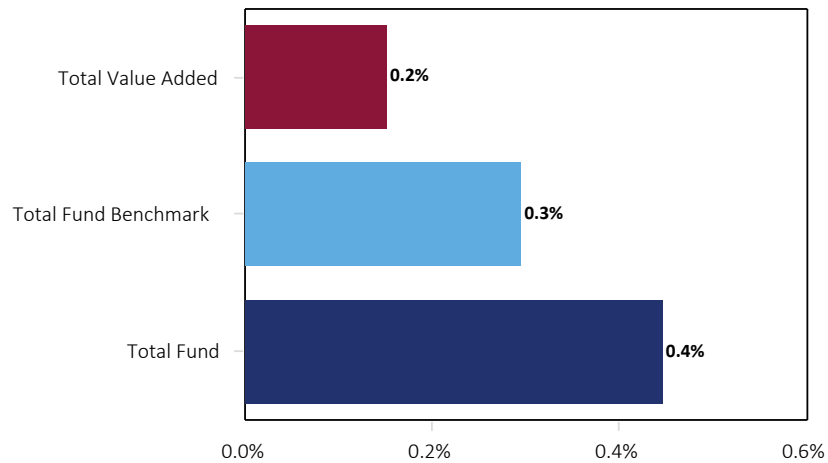
Note: Developed asset class is developed equity markets ex-U.S., ex-Canada

Total Fund Attribution

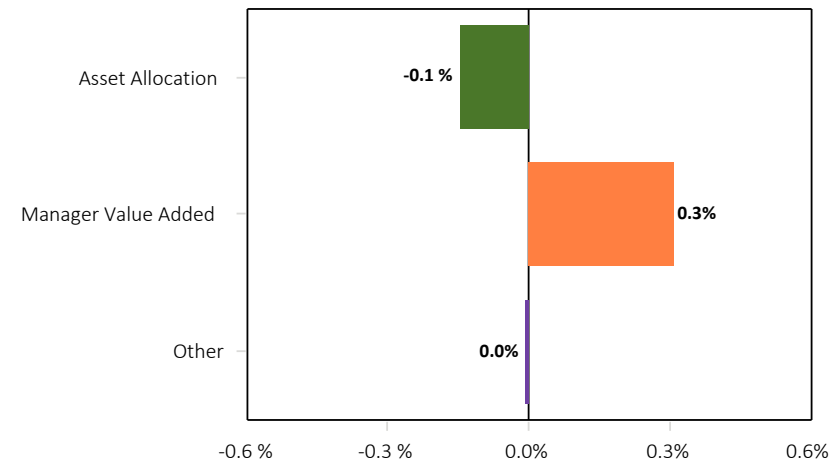
CERS Pension Plan

Periods Ended 1 Quarter Ending March 31, 2025

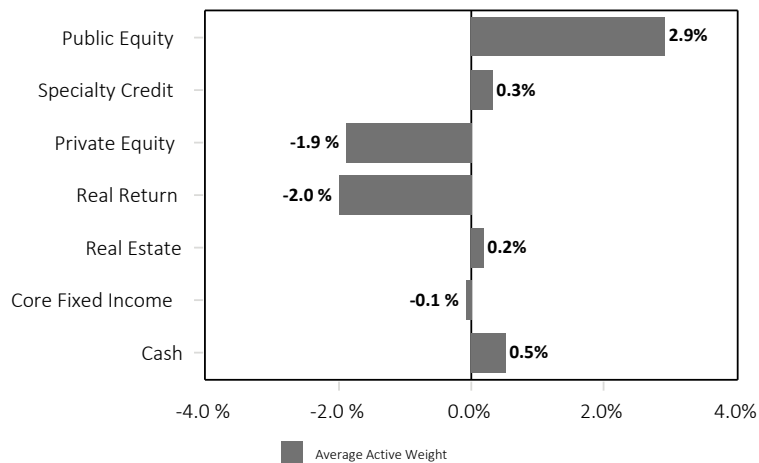
Total Fund Performance



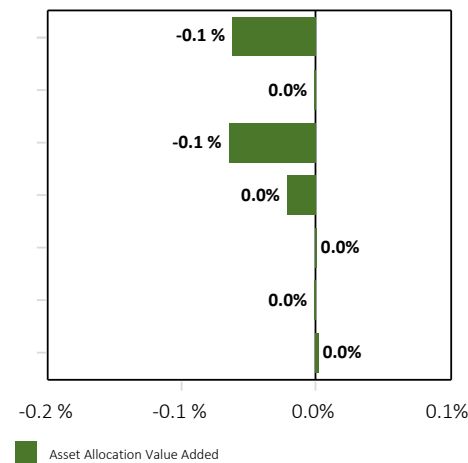
Total Value Added:0.2%



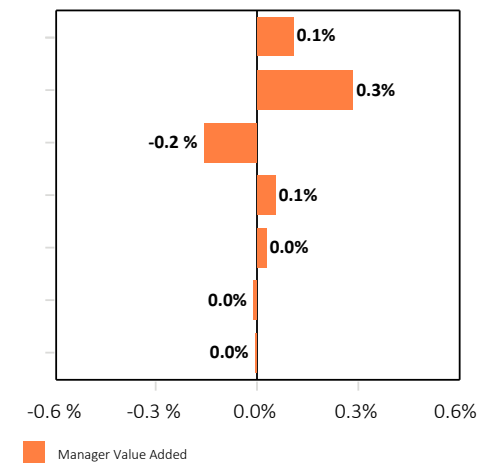
Total Asset Allocation:-0.1 %



Asset Allocation Value Added:-0.1 %



Total Manager Value Added:0.3%

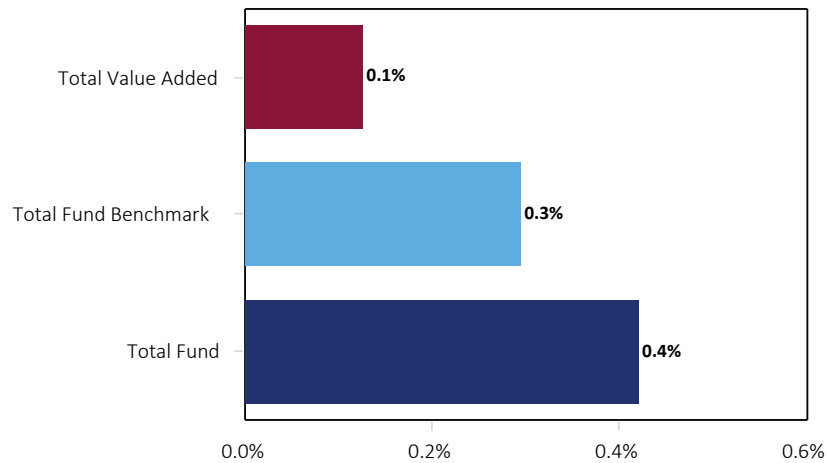


Total Fund Attribution

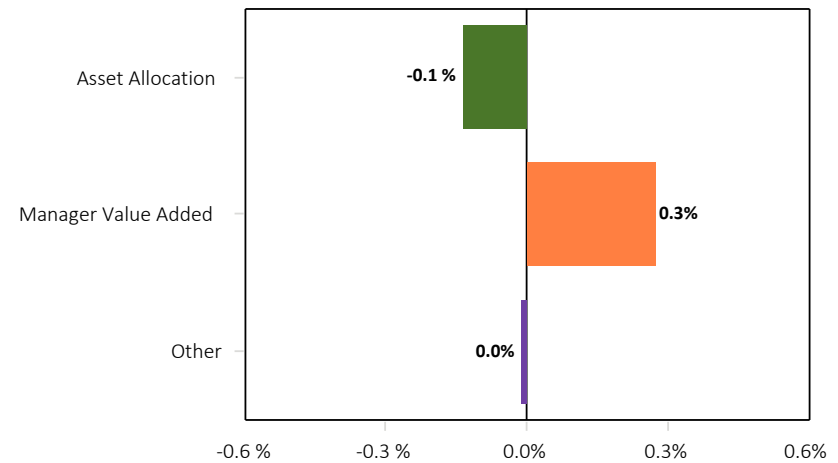
CERS (H) Pension Plan

Periods Ended 1 Quarter Ending March 31, 2025

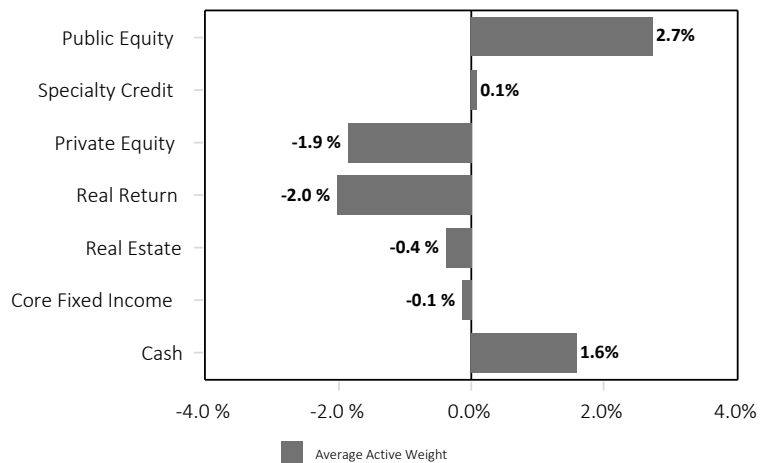
Total Fund Performance



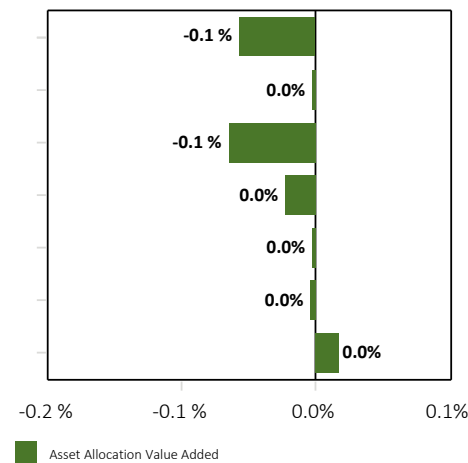
Total Value Added:0.1%



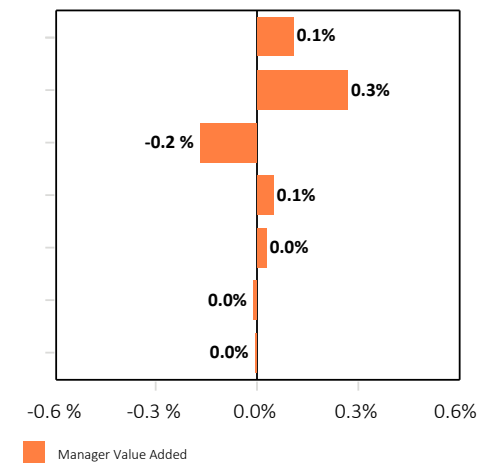
Total Asset Allocation:-0.1 %



Asset Allocation Value Added:-0.1 %



Total Manager Value Added:0.3%

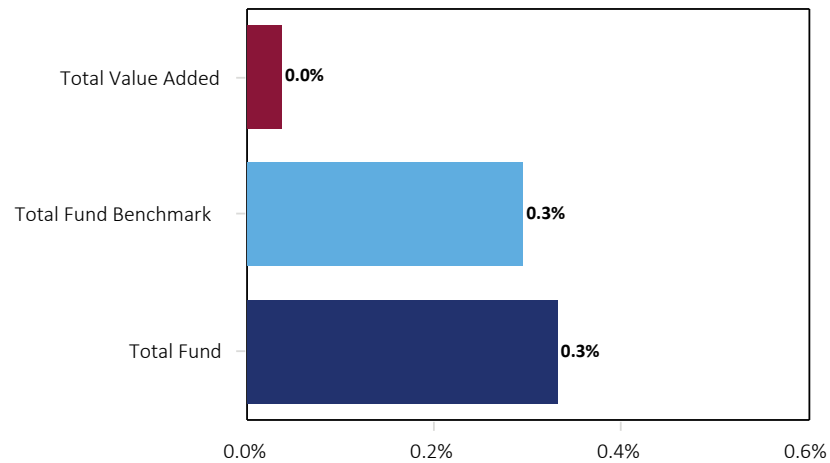


Total Fund Attribution

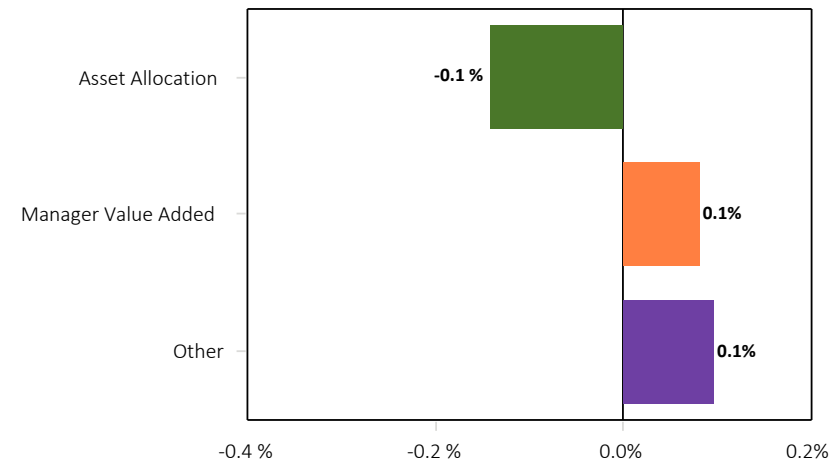
CERS Insurance Plan

Periods Ended 1 Quarter Ending March 31, 2025

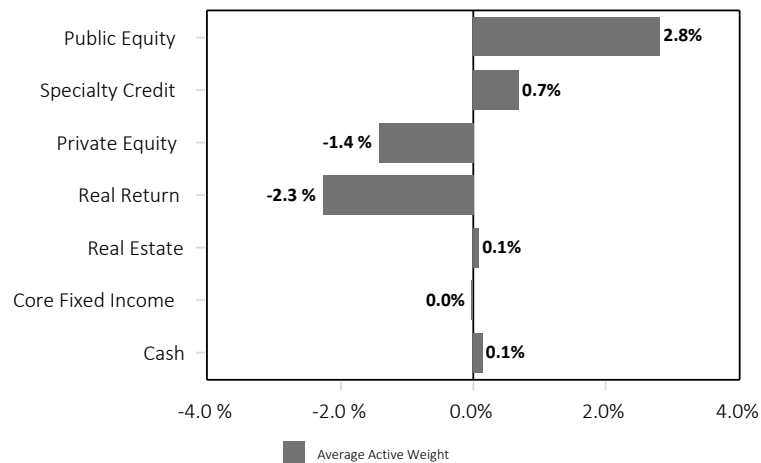
Total Fund Performance



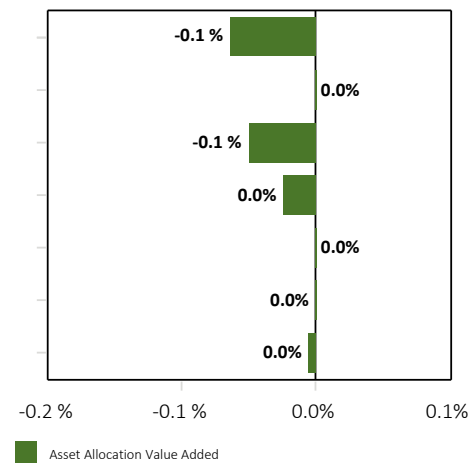
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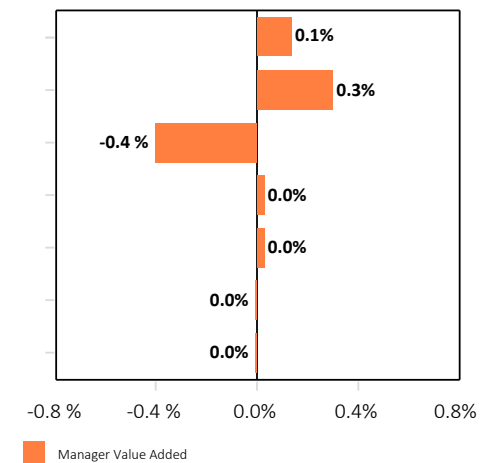
Total Asset Allocation:-0.1 %



Asset Allocation Value Added:-0.1 %



Total Manager Value Added:0.1%

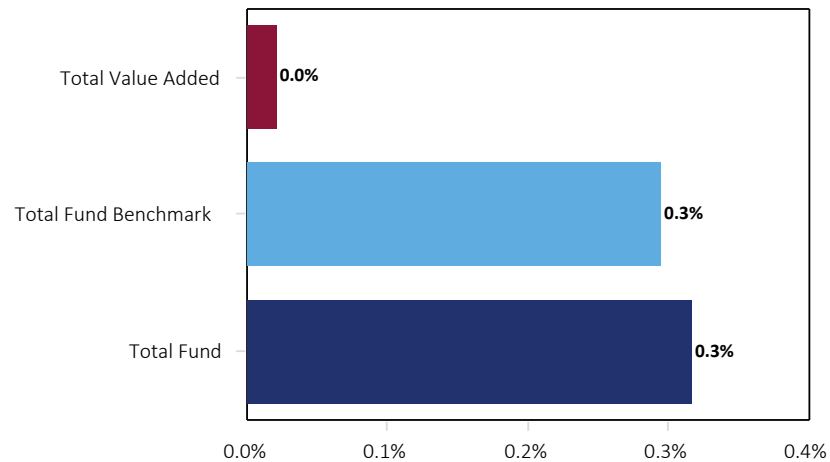


Total Fund Attribution

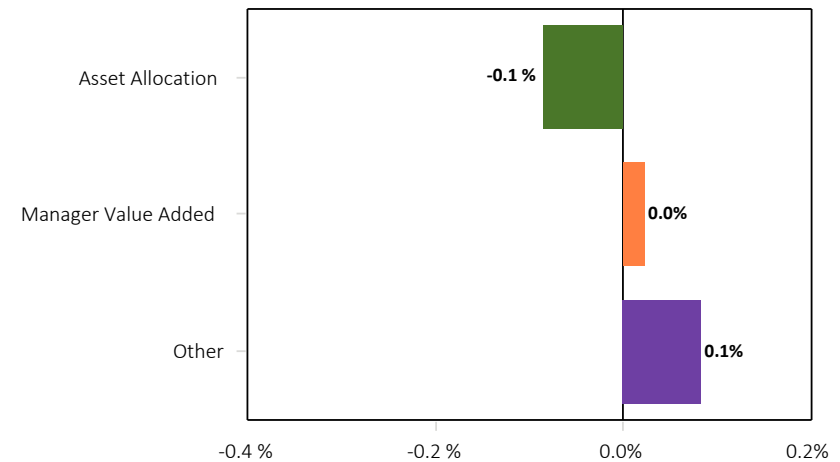
CERS (H) Insurance Plan

Periods Ended 1 Quarter Ending March 31, 2025

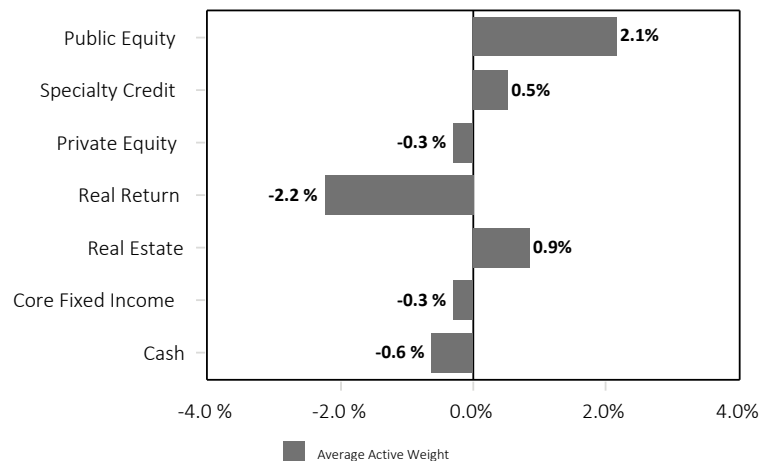
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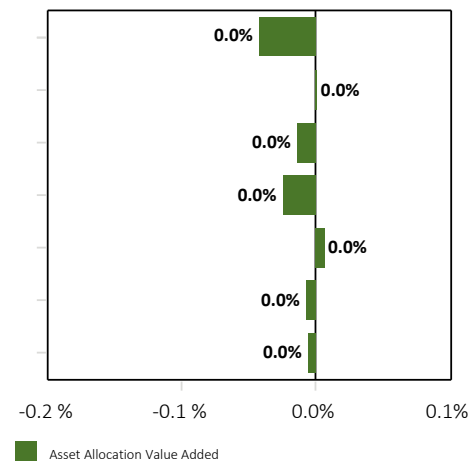
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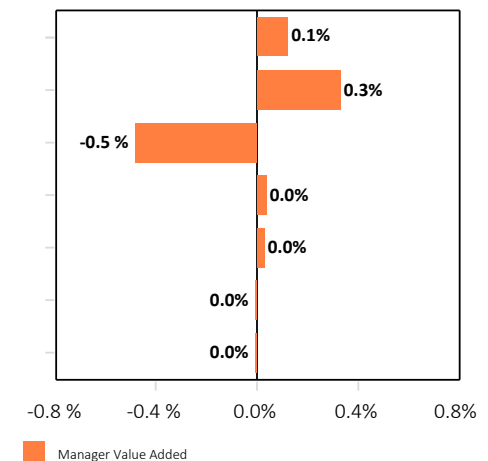
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Asset Allocation Value Added:-0.1 %



Total Manager Value Added:0.0%

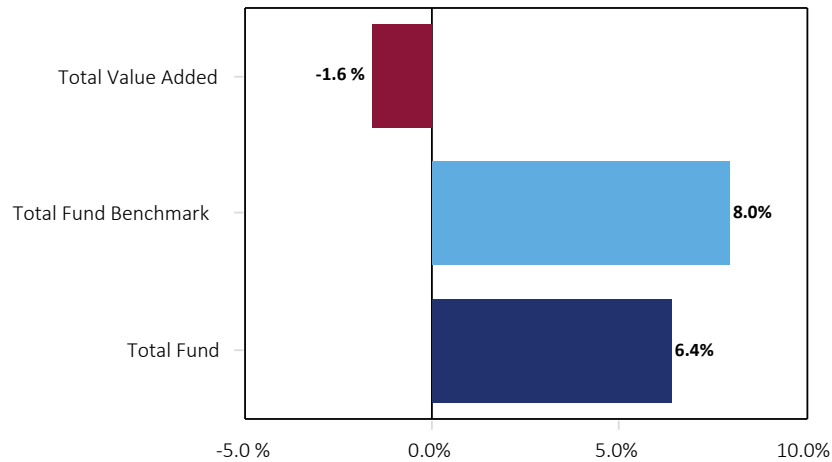


Total Fund Attribution

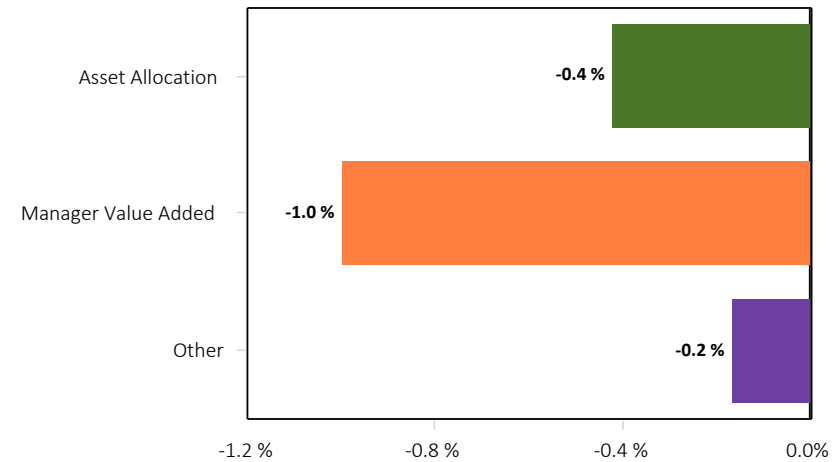
CERS Pension Plan

Periods Ended 1 Year Ending March 31, 2025

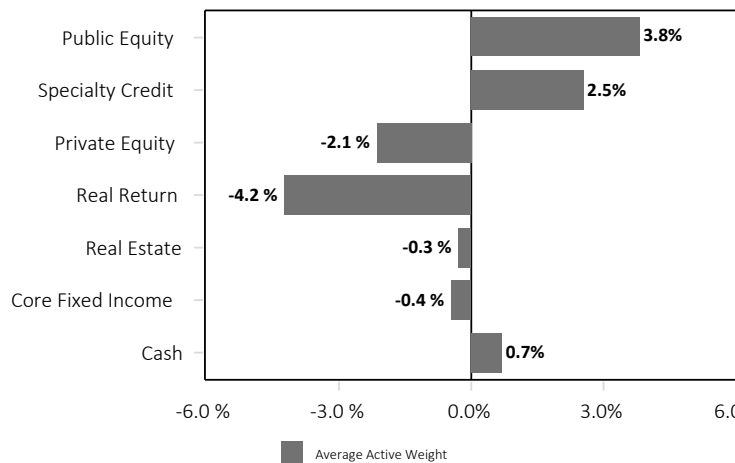
Total Fund Performance



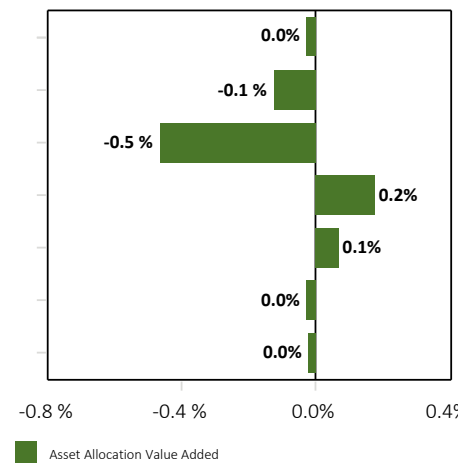
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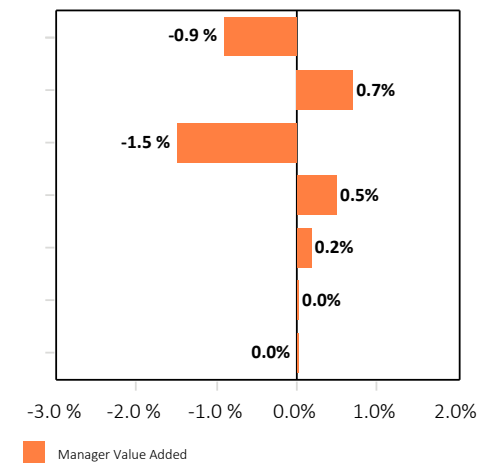
Total Asset Allocation:-0.4 %



Asset Allocation Value Added:-0.4 %



Total Manager Value Added:-1.0 %

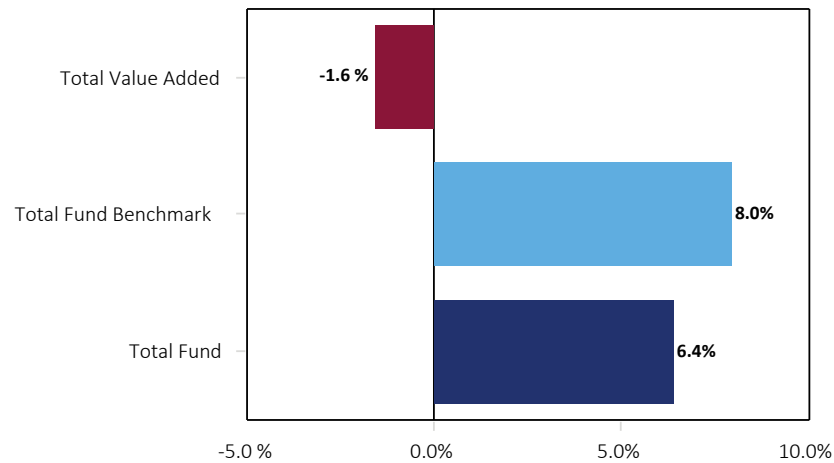


Total Fund Attribution

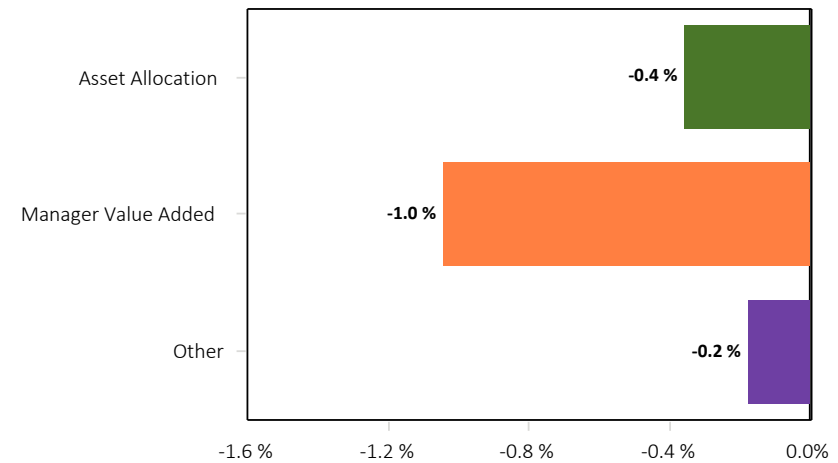
CERS (H) Pension Plan

Periods Ended 1 Year Ending March 31, 2025

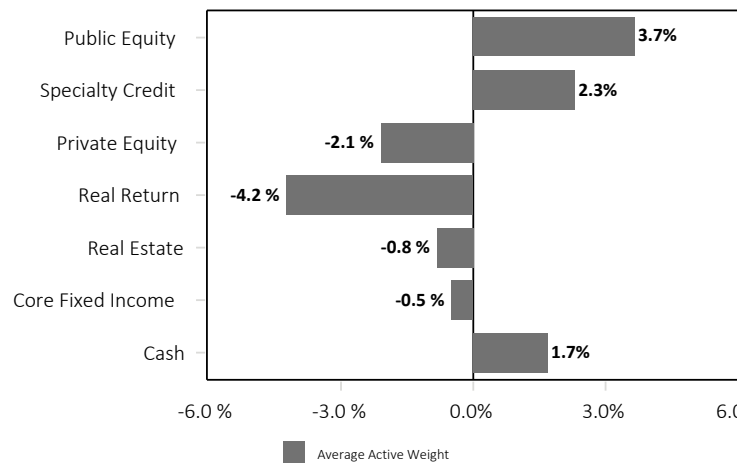
Total Fund Performance



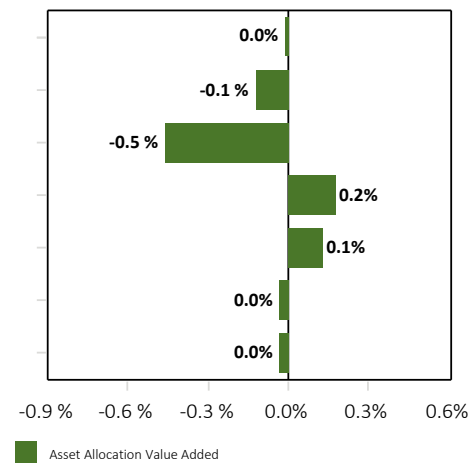
Total Value Added:-1.6 %



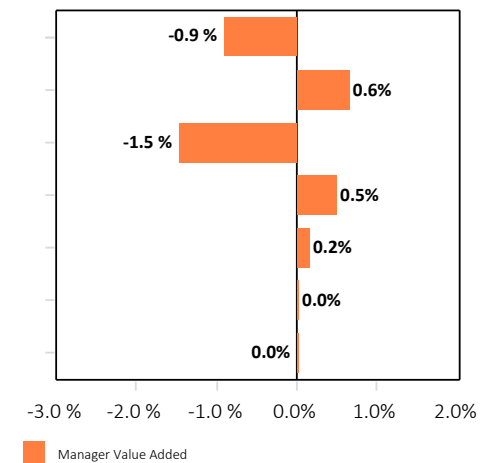
Total Asset Allocation:-0.4 %



Asset Allocation Value Added:-0.4 %



Total Manager Value Added:-1.0 %

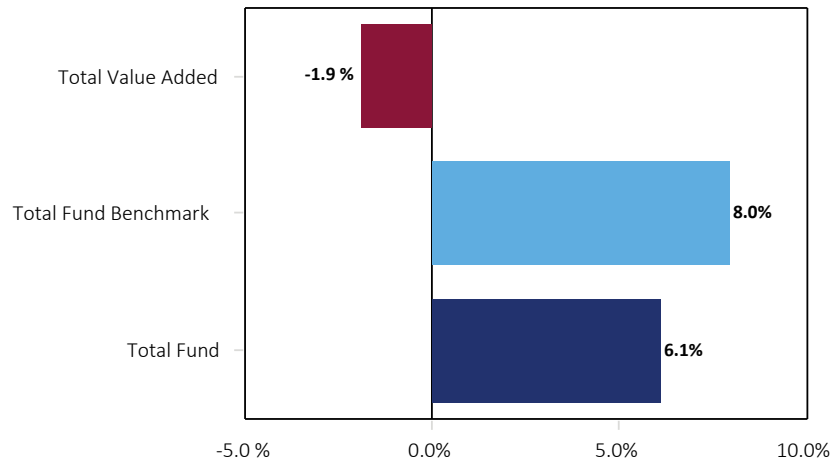


Total Fund Attribution

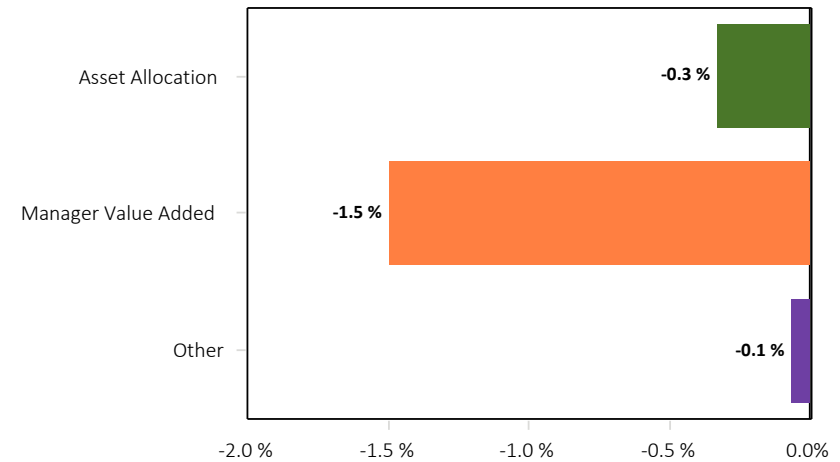
CERS Insurance Plan

Periods Ended 1 Year Ending March 31, 2025

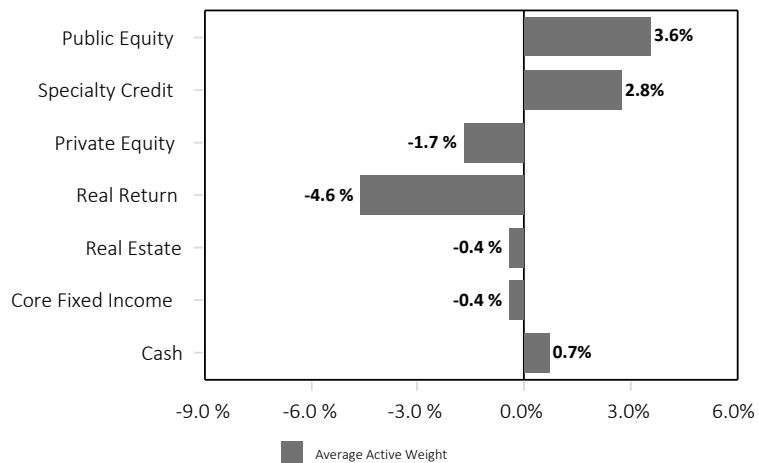
Total Fund Performance



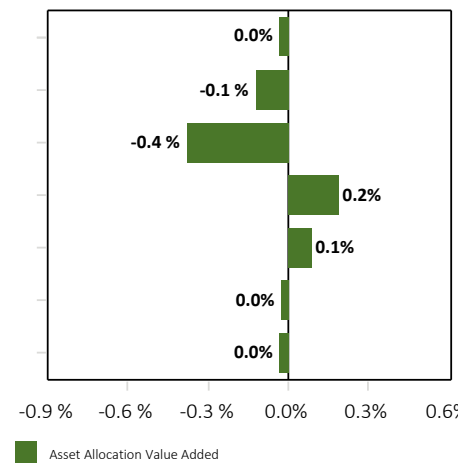
Total Value Added:-1.9 %



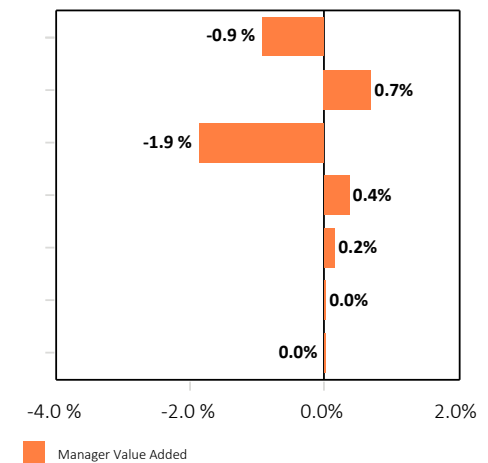
Total Asset Allocation:-0.3 %



Asset Allocation Value Added:-0.3 %



Total Manager Value Added:-1.5 %

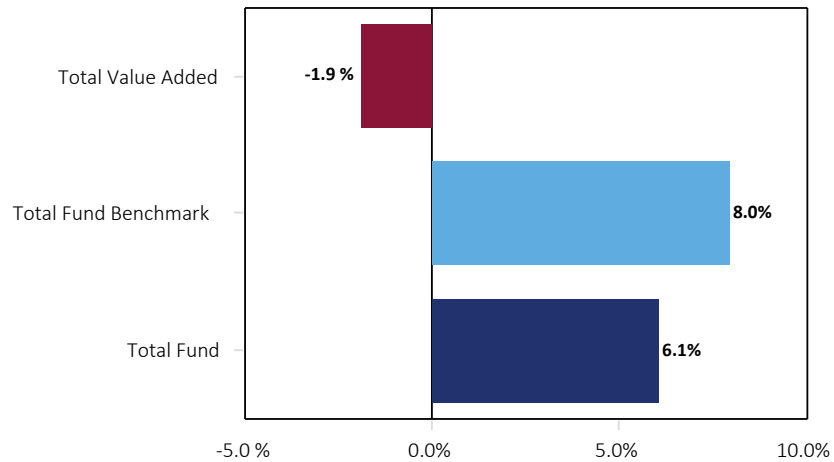


Total Fund Attribution

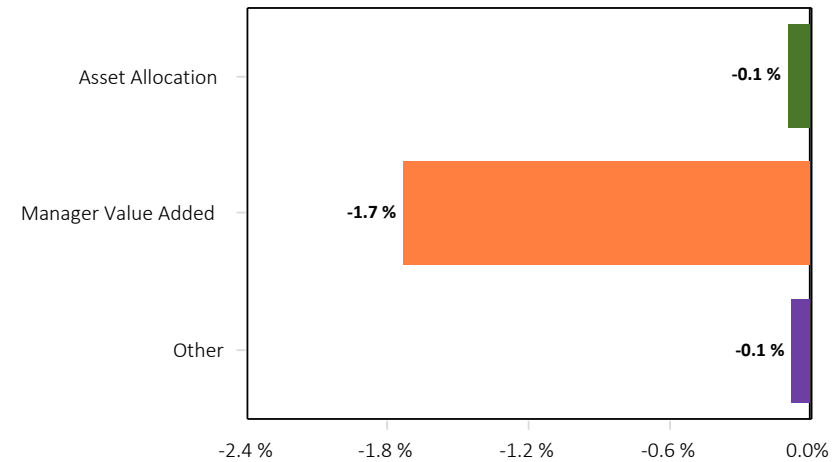
CERS (H) Insurance Plan

Periods Ended 1 Year Ending March 31, 2025

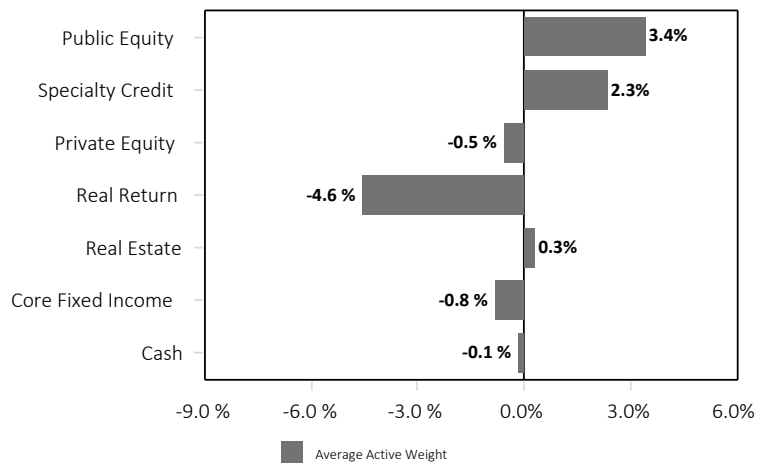
Total Fund Performance



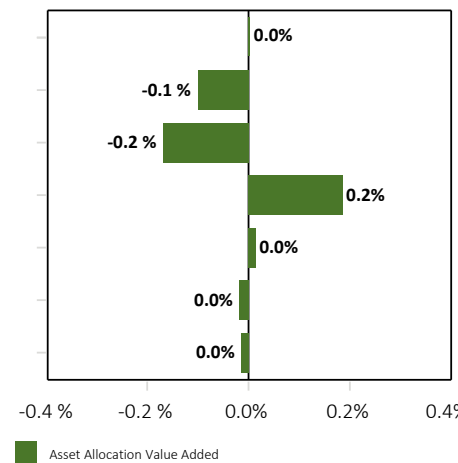
Total Value Added:-1.9 %



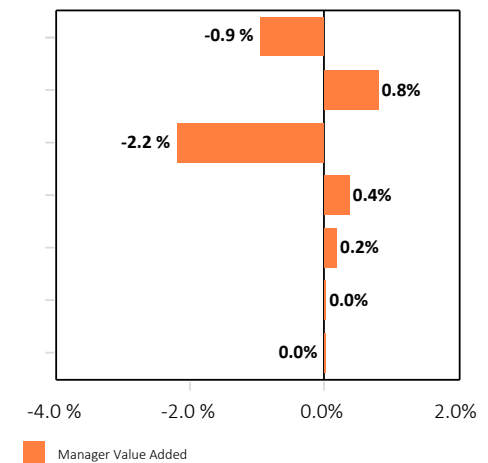
Total Asset Allocation:-0.1 %



Asset Allocation Value Added:-0.1 %



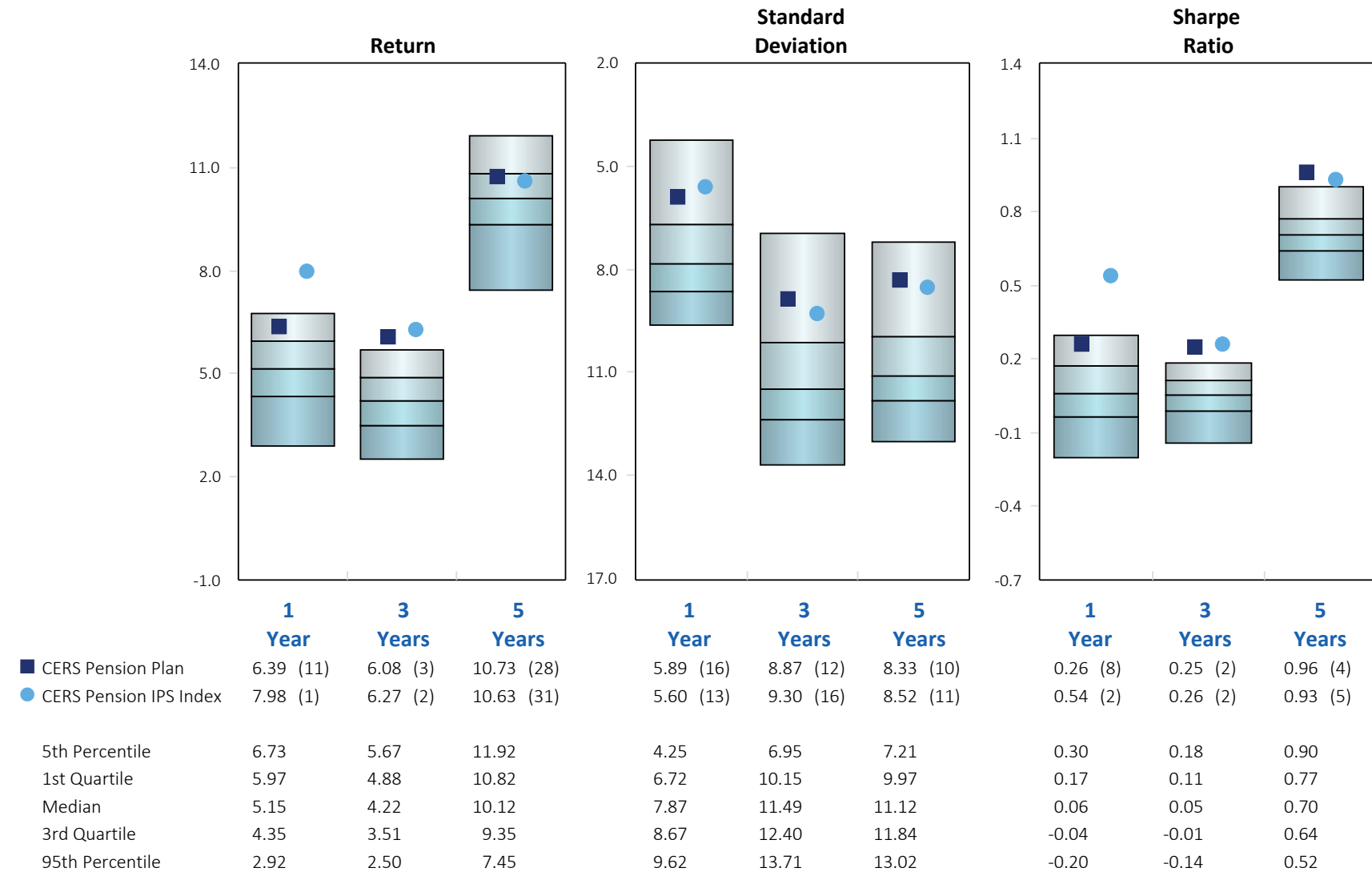
Total Manager Value Added:-1.7 %



Plan Sponsor Peer Group Analysis - Multi Statistics

CERS Pension Plan vs All Public Plans-Total Fund

Periods Ended March 31, 2025

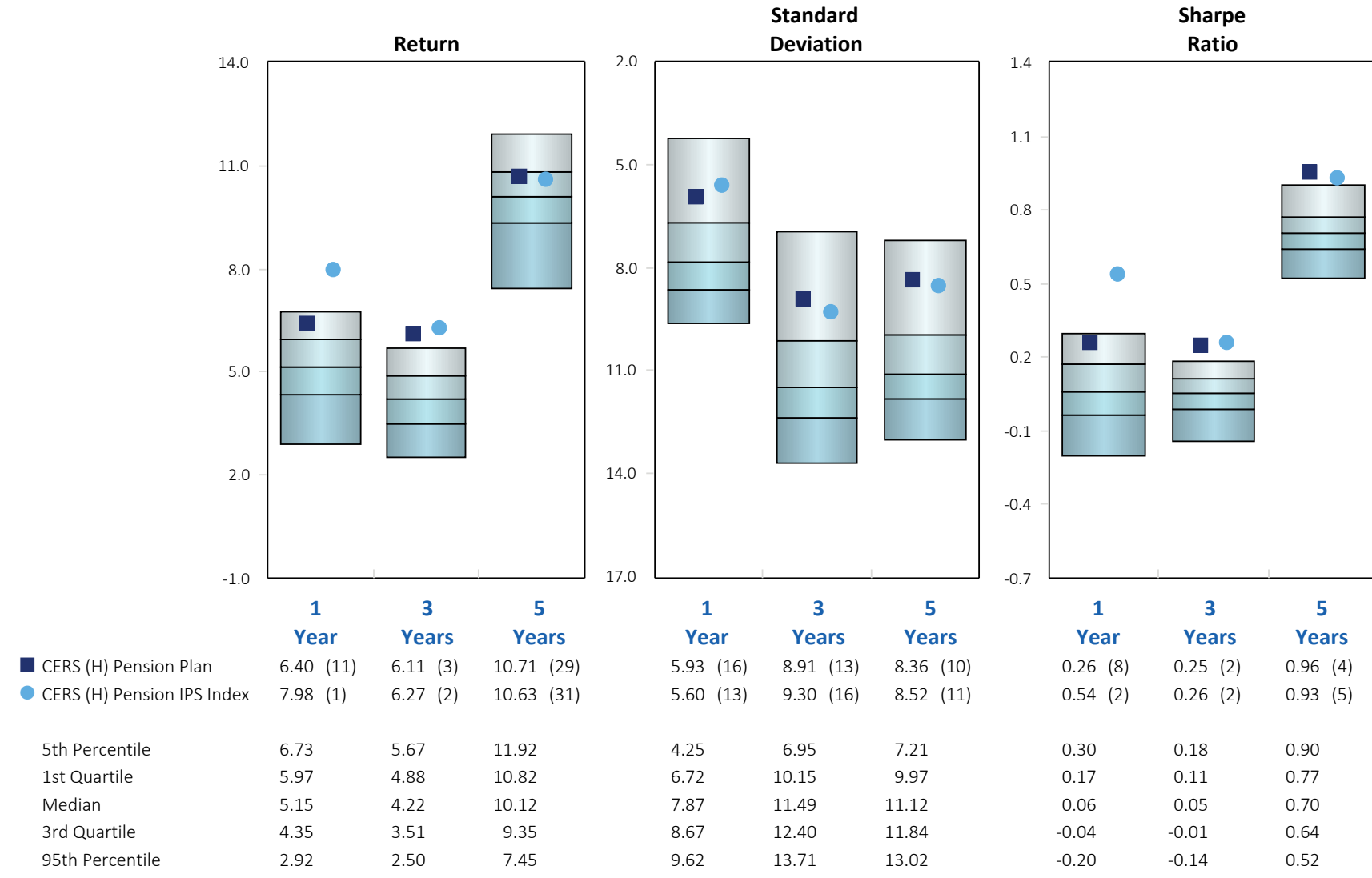


Parentheses contain percentile rankings.
Calculation based on monthly periodicity.

Plan Sponsor Peer Group Analysis - Multi Statistics

CERS (H) Pension Plan vs All Public Plans-Total Fund

Periods Ended March 31, 2025

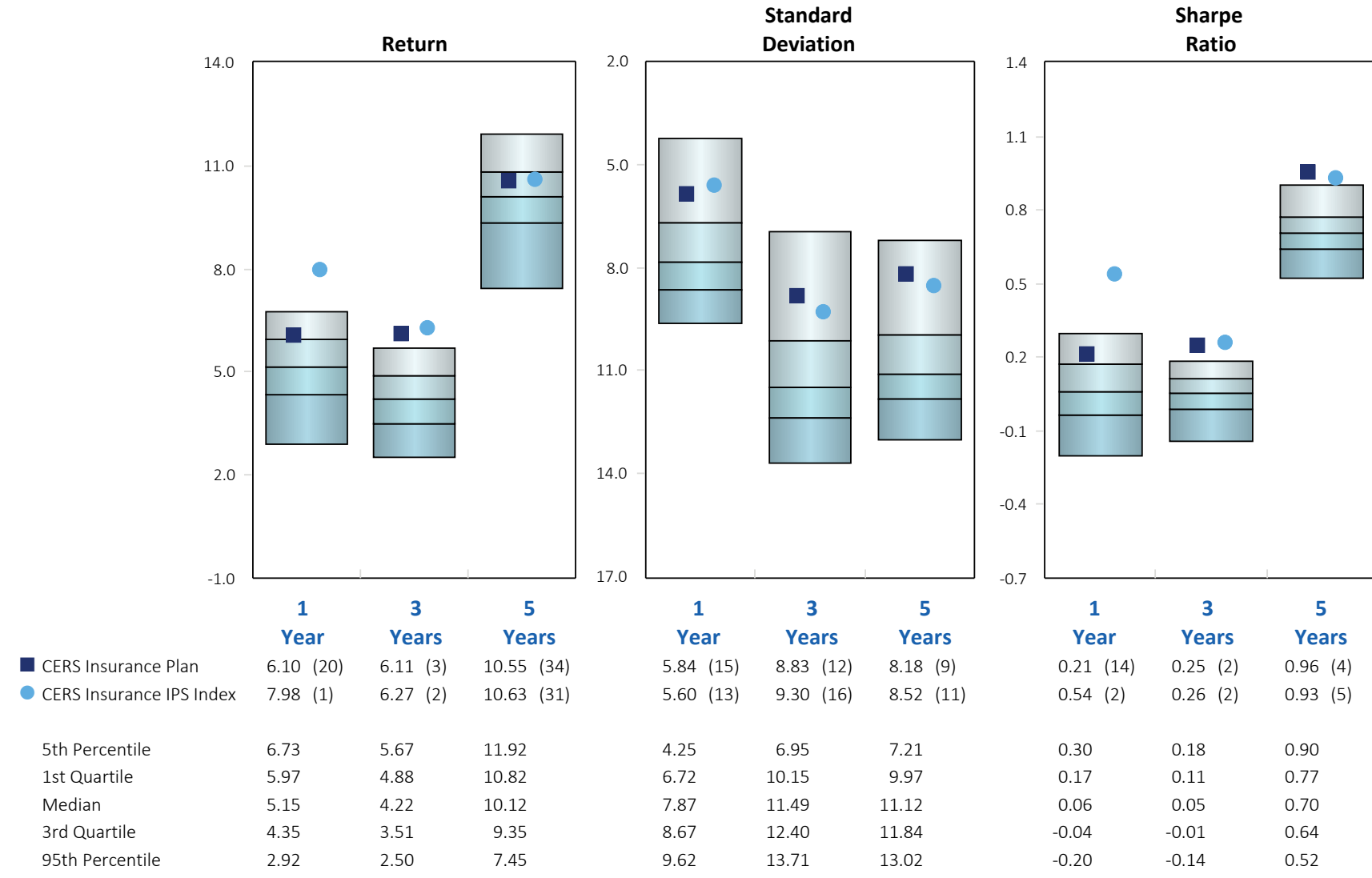


Parentheses contain percentile rankings.
Calculation based on monthly periodicity.

Plan Sponsor Peer Group Analysis - Multi Statistics

CERS Insurance Plan vs All Public Plans-Total Fund

Periods Ended March 31, 2025

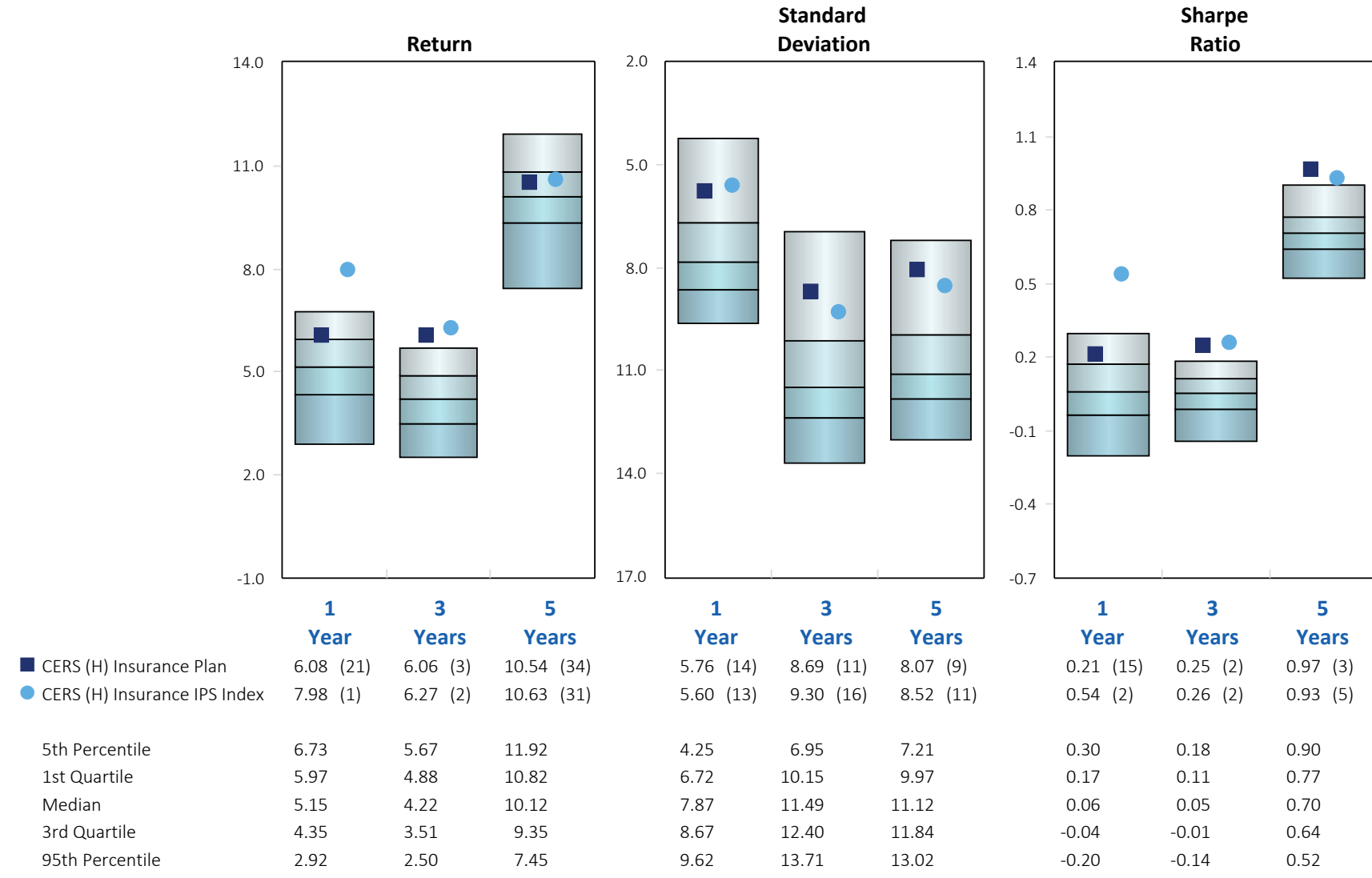


Parentheses contain percentile rankings.
Calculation based on monthly periodicity.

Plan Sponsor Peer Group Analysis - Multi Statistics

CERS (H) Insurance Plan vs All Public Plans-Total Fund

Periods Ended March 31, 2025

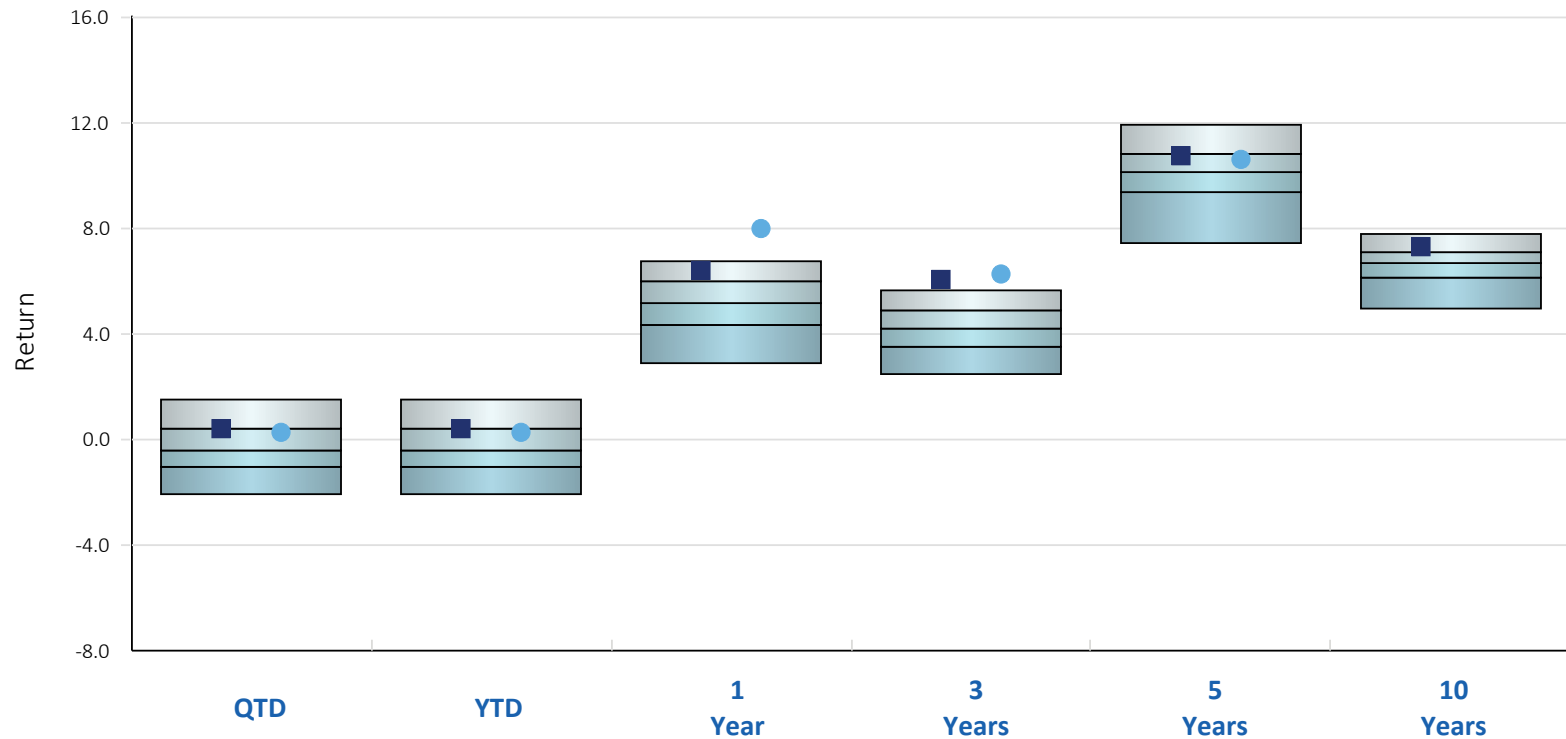


Parentheses contain percentile rankings.
Calculation based on monthly periodicity.

Plan Sponsor Peer Group Analysis

CERS Pension Plan vs All Public Plans-Total Fund

Periods Ended March 31, 2025



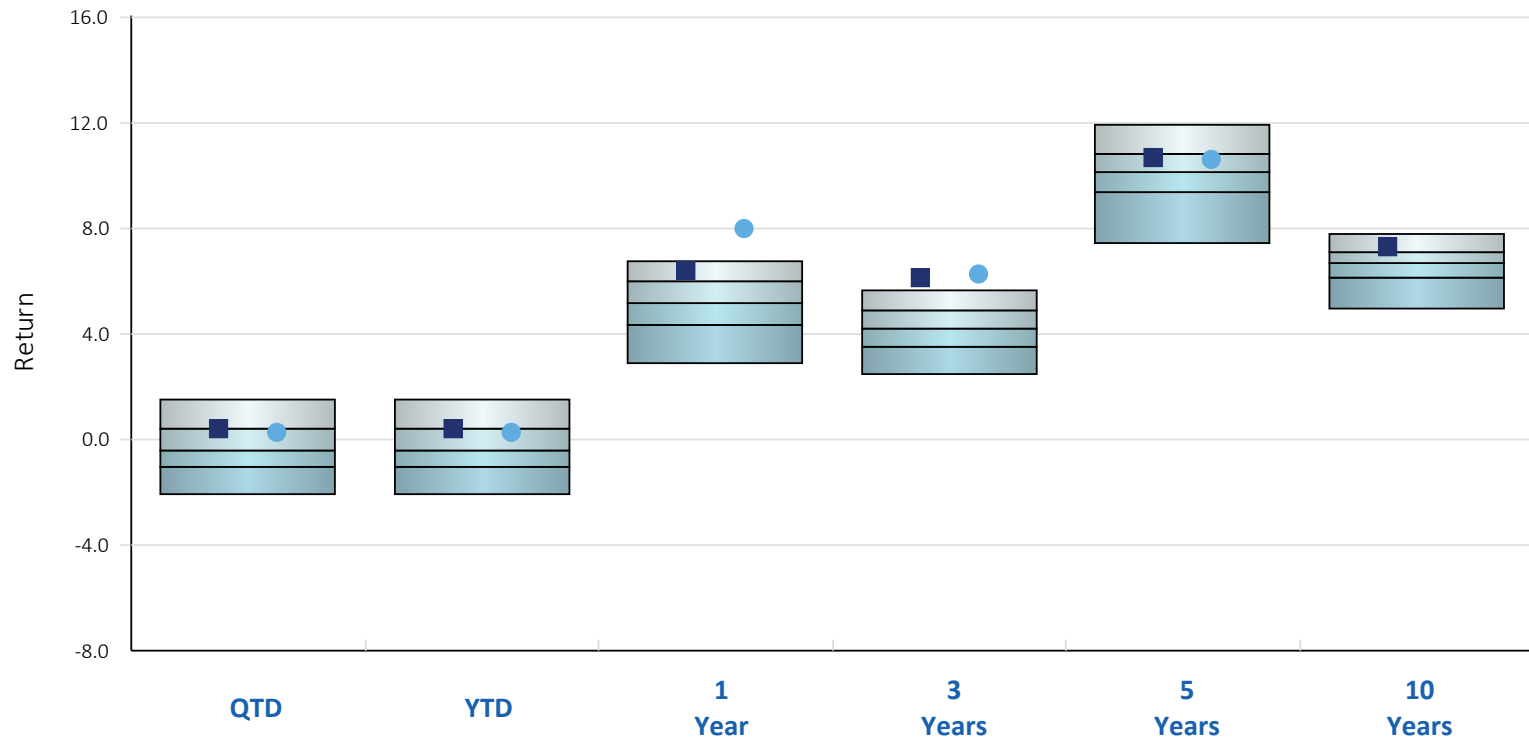
	QTD	YTD	1 Year	3 Years	5 Years	10 Years
■ CERS Pension Plan	0.45 (23)	0.45 (23)	6.39 (11)	6.08 (3)	10.73 (28)	7.29 (17)
● CERS Pension IPS Index	0.30 (29)	0.30 (29)	7.98 (1)	6.27 (2)	10.63 (31)	
5th Percentile	1.54	1.54	6.73	5.67	11.92	7.82
1st Quartile	0.38	0.38	5.97	4.88	10.82	7.11
Median	-0.41	-0.41	5.15	4.22	10.12	6.66
3rd Quartile	-1.06	-1.06	4.35	3.51	9.35	6.15
95th Percentile	-2.09	-2.09	2.92	2.50	7.45	4.94
Population	711	711	703	679	655	562

Parentheses contain percentile rankings.
Calculation based on monthly periodicity.

Plan Sponsor Peer Group Analysis

CERS (H) Pension Plan vs All Public Plans-Total Fund

Periods Ended March 31, 2025



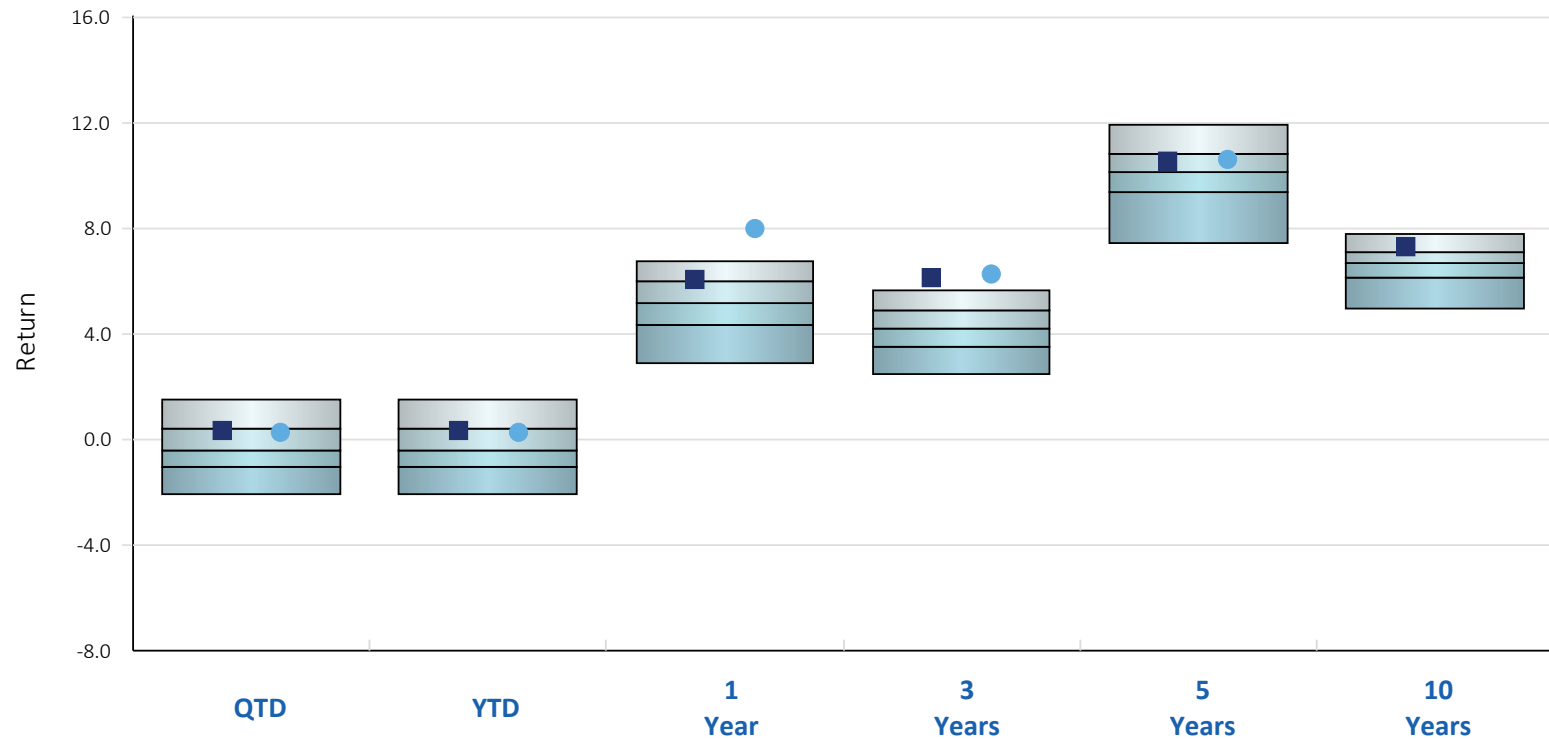
	QTD	YTD	1 Year	3 Years	5 Years	10 Years
■ CERS (H) Pension Plan	0.42 (24)	0.42 (24)	6.40 (11)	6.11 (3)	10.71 (29)	7.28 (17)
● CERS (H) Pension IPS Index	0.30 (29)	0.30 (29)	7.98 (1)	6.27 (2)	10.63 (31)	
5th Percentile	1.54	1.54	6.73	5.67	11.92	7.82
1st Quartile	0.38	0.38	5.97	4.88	10.82	7.11
Median	-0.41	-0.41	5.15	4.22	10.12	6.66
3rd Quartile	-1.06	-1.06	4.35	3.51	9.35	6.15
95th Percentile	-2.09	-2.09	2.92	2.50	7.45	4.94
Population	711	711	703	679	655	562

Parentheses contain percentile rankings.
Calculation based on monthly periodicity.

Plan Sponsor Peer Group Analysis

CERS Insurance Plan vs All Public Plans-Total Fund

Periods Ended March 31, 2025



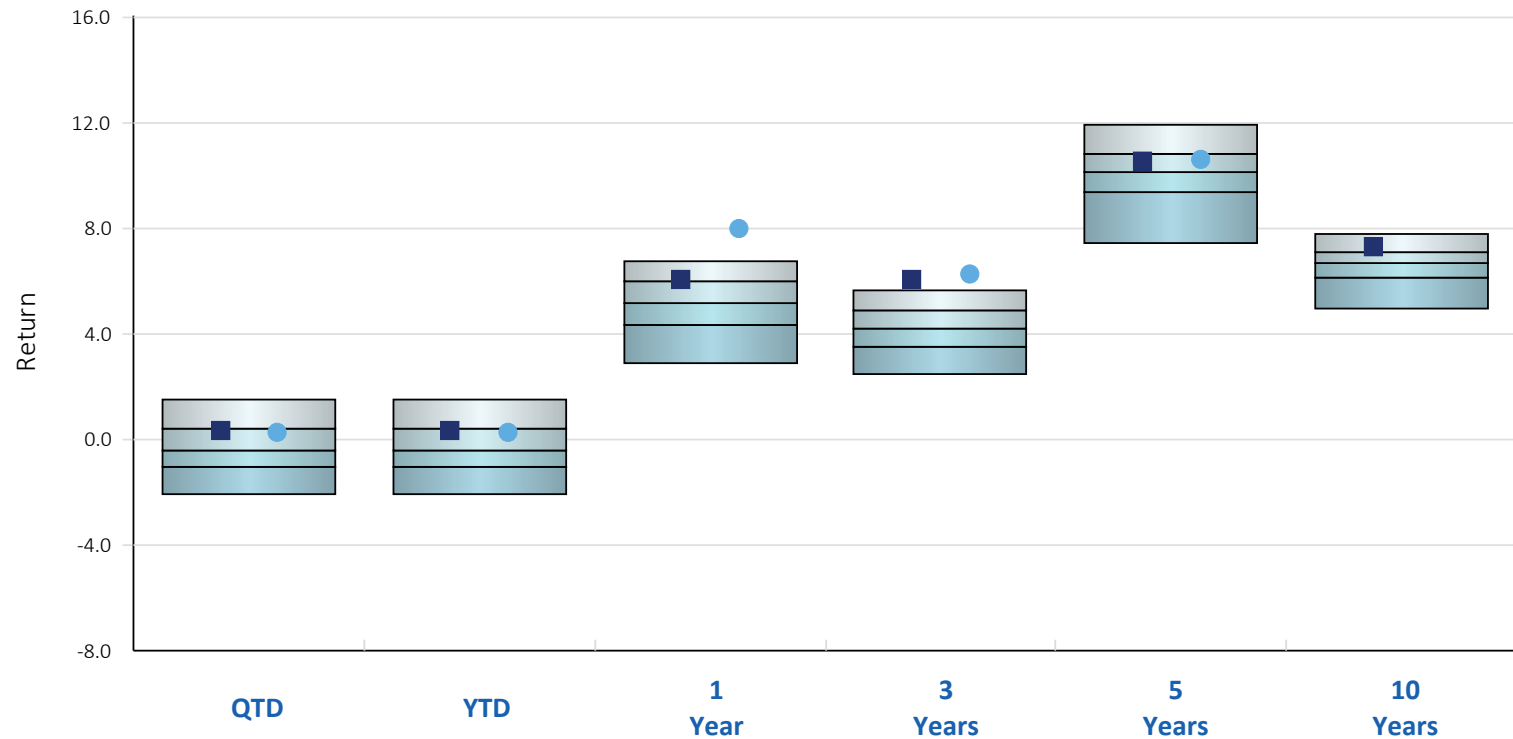
	QTD	YTD	1 Year	3 Years	5 Years	10 Years
■ CERS Insurance Plan	0.33 (27)	0.33 (27)	6.10 (20)	6.11 (3)	10.55 (34)	7.28 (17)
● CERS Insurance IPS Index	0.30 (29)	0.30 (29)	7.98 (1)	6.27 (2)	10.63 (31)	
5th Percentile	1.54	1.54	6.73	5.67	11.92	7.82
1st Quartile	0.38	0.38	5.97	4.88	10.82	7.11
Median	-0.41	-0.41	5.15	4.22	10.12	6.66
3rd Quartile	-1.06	-1.06	4.35	3.51	9.35	6.15
95th Percentile	-2.09	-2.09	2.92	2.50	7.45	4.94
Population	711	711	703	679	655	562

Parentheses contain percentile rankings.
Calculation based on monthly periodicity.

Plan Sponsor Peer Group Analysis

CERS (H) Insurance Plan vs All Public Plans-Total Fund

Periods Ended March 31, 2025



	QTD	YTD	1 Year	3 Years	5 Years	10 Years
■ CERS (H) Insurance Plan	0.32 (28)	0.32 (28)	6.08 (21)	6.06 (3)	10.54 (34)	7.34 (15)
● CERS (H) Insurance IPS Index	0.30 (29)	0.30 (29)	7.98 (1)	6.27 (2)	10.63 (31)	
5th Percentile	1.54	1.54	6.73	5.67	11.92	7.82
1st Quartile	0.38	0.38	5.97	4.88	10.82	7.11
Median	-0.41	-0.41	5.15	4.22	10.12	6.66
3rd Quartile	-1.06	-1.06	4.35	3.51	9.35	6.15
95th Percentile	-2.09	-2.09	2.92	2.50	7.45	4.94
Population	711	711	703	679	655	562

Parentheses contain percentile rankings.
Calculation based on monthly periodicity.

Asset Allocation & Performance

Total Fund

Periods Ended March 31, 2025

	Market Value \$	Performance (%) Net of Fees										
		QTD	YTD	FYTD	1 Year	3 Years	5 Years	10 Years	20 Years	30 Years	Since Inception	Inception Date
CERS Pension Plan	9,972,513,823	0.45	0.45	5.01	6.39	6.08	10.73	10.10	6.76	7.86	8.88	4/1/1984
CERS Pension IPS Index		0.30	0.30	5.21	7.98	6.27	10.63					
Value Added		0.15	0.15	-0.20	-1.59	-0.19	0.11					
Assumed Rate 6.50%		1.59	1.59	4.84	6.50	6.50	6.50					
Value Added		-1.14	-1.14	0.17	-0.11	-0.42	4.23					
CERS Insurance Plan	3,668,918,633	0.33	0.33	4.72	6.10	6.11	10.55	8.45	6.46	7.12	7.46	4/1/1987
CERS Insurance IPS Index		0.30	0.30	5.21	7.98	6.27	10.63					
Value Added		0.04	0.04	-0.49	-1.89	-0.16	-0.08					
Assumed Rate 6.50%		1.59	1.59	4.84	6.50	6.50	6.50					
Value Added		-1.26	-1.26	-0.12	-0.40	-0.39	4.05					
CERS (H) Pension Plan	3,572,371,160	0.42	0.42	5.00	6.40	6.11	10.71	10.10	6.76	7.86	8.88	4/1/1984
CERS (H) Pension IPS Index		0.30	0.30	5.21	7.98	6.27	10.63					
Value Added		0.13	0.13	-0.21	-1.58	-0.16	0.08					
Assumed Rate 6.50%		1.59	1.59	4.84	6.50	6.50	6.50					
Value Added		-1.17	-1.17	0.16	-0.10	-0.39	4.21					
CERS (H) Insurance Plan	1,747,105,642	0.32	0.32	4.67	6.08	6.06	10.54	8.45	6.49	7.14	7.48	4/1/1987
CERS (H) Insurance IPS Index		0.30	0.30	5.21	7.98	6.27	10.63					
Value Added		0.02	0.02	-0.54	-1.90	-0.21	-0.09					
Assumed Rate 6.50%		1.59	1.59	4.84	6.50	6.50	6.50					
Value Added		-1.27	-1.27	-0.16	-0.42	-0.44	4.04					

Asset Allocation & Performance

Insurance Plan Accounts

Periods Ended March 31, 2025

	Performance (%) Net of Fees								Inception Date
	1 Month	QTD	YTD	FYTD	1 Year	3 Years	5 Years	Since Inception	
Public Equity	-3.76	-1.28	-1.28	3.53	4.91	6.24		4.71	12/1/2021
Public Equity Policy Index	-3.88	-1.53	-1.53	3.95	6.93	6.84		5.63	
Value Added	0.12	0.25	0.25	-0.42	-2.02	-0.60		-0.92	
US Equity Composite	-5.52	-4.59	-4.59	3.77	6.25	7.85	18.01	10.16	7/1/1992
Russell 3000 Index	-5.83	-4.72	-4.72	3.88	7.22	8.22	18.18	10.39	
Value Added	0.31	0.13	0.13	-0.11	-0.97	-0.37	-0.17	-0.23	
S&P 500 Index	-5.62	-4.25	-4.25	3.91	8.31	9.16	18.65	9.07	7/1/2001
S&P 500 Index	-5.63	-4.27	-4.27	3.80	8.25	9.06	18.59	8.67	
value added	0.02	0.02	0.02	0.11	0.06	0.09	0.06	0.39	
Scientific Beta	-2.90	1.14	1.14	8.61	7.64	6.55	15.87	10.47	7/1/2016
S&P 500 Index	-5.63	-4.27	-4.27	3.80	8.25	9.06	18.59	13.87	
Value Added	2.73	5.41	5.41	4.80	-0.61	-2.51	-2.72	-3.40	
River Road FAV	-1.24	4.43	4.43	16.79	11.86	7.26	13.76	10.26	7/1/2016
Russell 3000 Value Index	-2.93	1.64	1.64	9.11	6.66	6.28	16.13	9.62	
Value Added	1.69	2.79	2.79	7.68	5.21	0.98	-2.37	0.63	
Westfield Capital	-9.20	-10.97	-10.97	-1.19	4.48	10.13	19.46	14.33	7/1/2011
Russell 3000 Growth Index	-8.36	-10.00	-10.00	-0.57	7.18	9.63	19.57	14.86	
Value Added	-0.84	-0.97	-0.97	-0.63	-2.70	0.49	-0.10	-0.53	
Internal US Mid Cap	-5.41	-6.04	-6.04	0.73	-2.58	5.05	17.44	9.53	8/1/2014
S&P MidCap 400 Index	-5.47	-6.10	-6.10	0.77	-2.70	4.42	16.91	9.07	
Value Added	0.06	0.05	0.05	-0.04	0.13	0.63	0.52	0.46	
NTGI Structured	-5.51	-7.79	-7.79	-0.88	-3.30	2.71	15.37	9.54	7/1/2011
Russell 2000 Index	-6.81	-9.48	-9.48	-0.75	-4.01	0.52	13.27	8.15	
Value Added	1.30	1.69	1.69	-0.13	0.71	2.19	2.10	1.39	

Asset Allocation & Performance

Insurance Plan Accounts

Periods Ended March 31, 2025

	Performance (%) Net of Fees								Inception Date
	1 Month	QTD	YTD	FYTD	1 Year	3 Years	5 Years	Since Inception	
Next Century Growth	-8.87	-14.75	-14.75	-0.34	-1.13	-2.32	22.37	16.99	11/1/2019
Russell Microcap Growth Index	-11.16	-17.75	-17.75	-0.39	-5.93	-3.79	8.16	4.18	
Value Added	2.29	3.00	3.00	0.05	4.80	1.47	14.21	12.82	
Non-US Equity Composite	-0.83	4.38	4.38	3.34	3.07	3.86	10.79	3.11	4/1/2000
MSCI ACWI ex US IMI (10/17)	-0.14	4.59	4.59	4.54	5.50	3.99	11.02	3.27	
Value Added	-0.69	-0.21	-0.21	-1.20	-2.43	-0.13	-0.23	-0.16	
BlackRock World Ex US	-0.57	6.46	6.46	5.98	5.50	5.90	12.34	7.02	6/1/2012
MSCI World ex US (11/19)	-0.58	6.20	6.20	5.94	5.30	5.70	12.16	6.91	
value added	0.01	0.26	0.26	0.03	0.20	0.21	0.19	0.11	
American Century	-2.74	-0.37	-0.37	-1.81	-3.04	-0.72	8.36	5.18	7/1/2014
MSCI ACWI ex US IMI (10/17)	-0.14	4.59	4.59	4.54	5.50	3.99	11.02	4.11	
Value Added	-2.60	-4.96	-4.96	-6.35	-8.54	-4.70	-2.67	1.08	
Franklin Templeton	-4.97	-2.44	-2.44	-4.78	-5.57	-3.75	4.10	3.37	7/1/2014
MSCI ACWI ex US IMI (10/17)	-0.14	4.59	4.59	4.54	5.50	3.99	11.02	4.11	
Value Added	-4.83	-7.03	-7.03	-9.32	-11.07	-7.74	-6.92	-0.74	
Lazard Asset Mgmt	-1.82	4.52	4.52	1.76	0.57	4.58	10.71	4.55	7/1/2014
MSCI ACWI ex US IMI (10/17)	-0.14	4.59	4.59	4.54	5.50	3.99	11.02	4.11	
Value Added	-1.68	-0.07	-0.07	-2.78	-4.93	0.59	-0.32	0.45	
LSV Asset Mgmt	2.54	10.41	10.41	9.58	10.02	8.55	13.59	4.81	7/1/2014
MSCI ACWI ex US IMI (10/17)	-0.14	4.59	4.59	4.54	5.50	3.99	11.02	4.11	
Value Added	2.69	5.81	5.81	5.04	4.52	4.56	2.57	0.71	
Axiom	-1.39	-2.37	-2.37	2.72	4.08	-0.66		-4.74	12/1/2021
MSCI AC World ex USA Small Cap (Net)	0.39	0.64	0.64	1.21	1.87	0.99		0.11	
Value Added	-1.78	-3.02	-3.02	1.52	2.20	-1.65		-4.84	

Asset Allocation & Performance

Insurance Plan Accounts

Periods Ended March 31, 2025

	Performance (%) Net of Fees								
	1 Month	QTD	YTD	FYTD	1 Year	3 Years	5 Years	Since Inception	Inception Date
JP Morgan Emerging Markets	0.50	2.83	2.83	1.08	2.94	-0.53	7.06	2.17	11/1/2019
MSCI Emerging Markets IMI Index	0.56	1.78	1.78	1.79	7.14	1.93	9.22	4.36	
Value Added	-0.06	1.05	1.05	-0.71	-4.20	-2.46	-2.16	-2.19	
Pzena Emerging Markets	1.03	6.62	6.62	7.25	10.27	9.66	17.14	9.25	11/1/2019
MSCI Emerging Markets (Net)	0.63	2.93	2.93	2.95	8.09	1.44	7.94	3.45	
Value Added	0.40	3.69	3.69	4.31	2.18	8.22	9.19	5.80	
Private Equity Composite	-1.63	-1.53	-1.53	0.95	1.53	4.20	11.69	10.45	7/1/2002
Russell 3000 +3% 1 Quarter Lag	-2.82	3.39	3.39	15.06	27.52	11.25	17.28	12.85	
Value Added	1.18	-4.92	-4.92	-14.11	-25.99	-7.05	-5.59	-2.40	
Core Fixed Income Composite	0.02	2.71	2.71	4.80	5.08	2.79	2.66	2.99	10/1/2018
Blmbg. U.S. Aggregate Index	0.04	2.78	2.78	4.81	4.88	0.52	-0.40	1.72	
Value Added	-0.01	-0.07	-0.07	-0.01	0.20	2.28	3.05	1.27	
NISA	0.05	2.73	2.73	4.73	5.07	0.95	-0.13	2.29	7/1/2011
Blmbg. U.S. Aggregate Index	0.04	2.78	2.78	4.81	4.88	0.52	-0.40	2.12	
Value Added	0.02	-0.05	-0.05	-0.09	0.19	0.44	0.27	0.17	
Loomis Sayles	0.03	2.67	2.67	4.88	5.28	1.72	0.83	1.94	2/1/2019
Blmbg. U.S. Aggregate Index (Since 8/1/23)	0.04	2.78	2.78	4.81	4.88	-2.24	-0.95	1.40	
Value Added	-0.01	-0.11	-0.11	0.06	0.40	3.96	1.79	0.54	
Lord Abbett	0.40	1.22	1.22	4.74	8.45	4.11	4.11	3.14	10/1/2018
ICE BofA 1-3 Year U.S. Corporate Index	0.40	1.64	1.64	5.07	6.23	3.88	2.83	2.87	
Value Added	0.00	-0.43	-0.43	-0.33	2.21	0.23	1.27	0.27	
Internal Core Fixed Income	-0.02	2.74	2.74	4.81	4.87			5.30	9/1/2023
Blmbg. U.S. Aggregate Index	0.04	2.78	2.78	4.81	4.88			5.19	
value added	-0.06	-0.05	-0.05	-0.01	-0.01			0.11	

Asset Allocation & Performance

Insurance Plan Accounts

Periods Ended March 31, 2025

	Performance (%) Net of Fees								
	1 Month	QTD	YTD	FYTD	1 Year	3 Years	5 Years	Since Inception	Inception Date
Cash Composite	0.37	1.08	1.08	3.66	5.06	4.19	2.55	2.61	7/1/1992
FTSE 3 Month T-Bill	0.37	1.10	1.10	3.75	5.17	4.42	2.69	2.51	
Value Added	0.00	-0.02	-0.02	-0.09	-0.11	-0.24	-0.14	0.10	
Specialty Credit Composite	0.75	2.10	2.10	7.61	10.58	8.42	8.80	7.12	10/1/2018
Specialty Credit Policy Index	-0.67	0.74	0.74	5.70	7.29	6.14	8.17	5.09	
Value Added	1.41	1.36	1.36	1.91	3.30	2.28	0.63	2.03	
Cerberus Capital Mgmt	0.24	1.28	1.28	3.44	5.56	7.42	9.70	9.04	9/1/2014
Morningstar LSTA U.S. Leveraged Loan	-0.31	0.48	0.48	4.86	6.86	7.21	8.96	4.80	
Value Added	0.55	0.80	0.80	-1.42	-1.30	0.21	0.74	4.25	
Columbia	-0.88	1.24	1.24	6.09	7.92	5.19	6.72	5.91	11/1/2011
Blmbg. U.S. Corp: High Yield Index	-1.02	1.00	1.00	6.53	7.69	4.98	7.29	5.84	
Value Added	0.15	0.23	0.23	-0.44	0.23	0.21	-0.57	0.07	
Manulife Asset Mgmt	-0.28	1.31	1.31	5.58	6.24	3.65	5.09	4.09	12/1/2011
Policy Index	-0.02	2.66	2.66	5.04	5.24	1.01	0.32	1.49	
Value Added	-0.25	-1.35	-1.35	0.54	0.99	2.64	4.77	2.60	
Marathon Bluegrass	1.04	3.23	3.23	10.25	13.64	4.89	6.21	6.42	1/1/2016
Blmbg. U.S. Corp: High Yield Index	-1.02	1.00	1.00	6.53	7.69	4.98	7.29	6.24	
Value Added	2.06	2.23	2.23	3.72	5.95	-0.09	-1.09	0.18	
Shenkman Capital	-0.85	0.09	0.09	4.51	5.89	6.32	8.13	4.45	7/1/2011
Morningstar LSTA U.S. Leveraged Loan	-0.31	0.48	0.48	4.86	6.86	7.21	8.96	4.88	
Value Added	-0.54	-0.39	-0.39	-0.35	-0.97	-0.90	-0.83	-0.43	
Waterfall	1.09	2.55	2.55	7.01	11.02	8.19	9.60	8.26	7/1/2011
Policy Index	-0.55	1.05	1.05	5.77	7.15	5.50	6.44	4.49	
Value Added	1.64	1.50	1.50	1.24	3.87	2.69	3.16	3.77	

Asset Allocation & Performance

Insurance Plan Accounts

Periods Ended March 31, 2025

	Performance (%) Net of Fees								
	1 Month	QTD	YTD	FYTD	1 Year	3 Years	5 Years	Since Inception	Inception Date
Arrowmark	1.37	3.39	3.39	10.67	14.96	14.00	15.50	11.27	6/1/2018
Morningstar LSTA U.S. Leveraged Loan	-0.31	0.48	0.48	4.86	6.86	7.21	8.96	5.36	
Value Added	1.69	2.90	2.90	5.80	8.10	6.79	6.54	5.92	
Waterfall Eagle II	0.00							0.00	3/1/2025
Adams St SPC II A	5.49	5.49	5.49	13.98	21.27	19.76		16.25	5/1/2020
Adams St SPC II B	3.57	3.57	3.57	10.27	14.79	9.95		10.99	5/1/2020
Adams St SPC III A1	1.38	1.38	1.38	13.47	21.04			14.43	11/1/2023
Adams St SPC III B1	4.28	4.28	4.28	15.74	20.62			-16.07	11/1/2023
Blue Torch	3.04	3.04	3.04	5.59	8.06	10.87		9.67	7/1/2020
CapitalSpring	-3.40	-3.40	-3.40	5.17	10.97	22.30	17.46	16.57	1/1/2020
Morningstar LSTA U.S. Leveraged Loan	-0.31	0.48	0.48	4.86	6.86	7.21	8.96	5.67	
Value Added	-3.09	-3.88	-3.88	0.31	4.12	15.09	8.50	10.90	
BSP Private Credit	1.19	1.19	1.19	4.81	6.98	7.29	7.75	6.62	2/1/2018
Morningstar LSTA U.S. Leveraged Loan	-0.31	0.48	0.48	4.86	6.86	7.21	8.96	5.26	
Value Added	1.50	0.71	0.71	-0.05	0.12	0.08	-1.22	1.36	
BSP Coinvestment	2.53	2.53	2.53	10.19	13.78	10.70	9.27	8.60	9/1/2019
Morningstar LSTA U.S. Leveraged Loan	-0.31	0.48	0.48	4.86	6.86	7.21	8.96	5.73	
Value Added	2.84	2.05	2.05	5.33	6.93	3.49	0.31	2.87	
White Oak Yield Spectrum	2.86	2.86	2.86	7.11	8.42	7.15	6.49	6.10	3/1/2018
Morningstar LSTA U.S. Leveraged Loan	-0.31	0.48	0.48	4.86	6.86	7.21	8.96	5.29	
Value Added	3.17	2.37	2.37	2.24	1.56	-0.07	-2.47	0.81	
Real Estate Composite	0.88	1.59	1.59	2.44	1.05	-1.53	4.67	7.76	5/1/2009
NCREIF ODCE NOF 1 Quarter Lag	0.96	0.96	0.96	0.32	-2.27	-3.14	1.99		
Value Added	-0.08	0.62	0.62	2.12	3.32	1.61	2.68		

Asset Allocation & Performance

Insurance Plan Accounts

Periods Ended March 31, 2025

	Performance (%) Net of Fees								
	1 Month	QTD	YTD	FYTD	1 Year	3 Years	5 Years	Since Inception	Inception Date
Internal Real Estate	-2.10	3.38	3.38	11.06	9.00			7.03	12/1/2023
Baring	5.52	5.98	5.98	0.27	-10.61	-20.82	-8.33	-1.54	1/1/2019
Barings Euro RE II	3.96	4.35	4.35	2.92	0.39	-19.18		-18.69	12/1/2020
Divcowest IV	2.44	2.44	2.44	-11.46	-14.91	-5.69	3.42	12.65	3/1/2014
Fundamental Partners III	-0.08	-0.08	-0.08	1.07	1.26	2.08	10.46	10.26	5/1/2017
Greenfield Acq VII	3.93	3.93	3.93	12.10	15.62	3.61	10.86	12.25	7/1/2014
Lubert Adler VII	-0.29	-0.29	-0.29	-2.01	0.34	-12.17	-9.98	-4.42	7/1/2014
Lubert Adler VII B	6.61	6.61	6.61	6.42	8.62	10.80	17.97	13.64	7/1/2017
Harrison Street	0.93	0.93	0.93	1.60	-0.11	1.50	3.46	6.26	5/1/2012
Mesa West Core Lend	0.39	0.39	0.39	2.59	-2.57	-2.44	0.60	4.10	5/1/2013
Mesa West IV	-0.74	-0.74	-0.74	-6.53	-7.89	-11.79	-4.02	-0.47	3/1/2017
Patron Capital	3.43	3.88	3.88	2.71	-6.36	-5.32	0.95	2.00	8/1/2016
Prologis Targeted US	0.00	1.54	1.54	4.17	6.04	1.08	11.02	13.39	10/1/2014
Rubenstein PF II	-3.72	-3.72	-3.72	-21.56	-38.43	-41.53	-28.10	-7.30	7/1/2013
Stockbridge Sm/Mkts	1.52	1.52	1.52	2.34	2.11	0.09	4.89	6.95	5/1/2014
Walton St RE VI	-1.16	-1.16	-1.16	-5.27	-3.28	3.88	3.54	-9.85	5/1/2009
Walton St RE VII	-4.85	-4.85	-4.85	-11.39	-13.59	-8.88	-6.59	2.08	7/1/2013
Real Return Composite	0.28	2.41	2.41	13.14	15.47	11.76	13.50	5.81	7/1/2011
US CPI +3%	0.20	1.38	1.38	4.36	5.48	6.70	7.50	5.66	
Value Added	0.08	1.03	1.03	8.78	10.00	5.05	6.00	0.15	

Asset Allocation & Performance

Insurance Plan Accounts

Periods Ended March 31, 2025

	Performance (%) Net of Fees								
	1 Month	QTD	YTD	FYTD	1 Year	3 Years	5 Years	Since Inception	Inception Date
Tortoise Capital	0.69	6.89	6.89	28.76	36.92	26.98	37.87	12.47	8/1/2009
Alerian MLP Index	0.05	12.58	12.58	19.00	22.99	25.00	40.21	9.49	
Value Added	0.64	-5.70	-5.70	9.76	13.93	1.98	-2.34	2.98	
Internal TIPS	0.37	1.08	1.08	3.65	5.02	4.40	2.73	3.75	10/1/2003
Blmbg. U.S. TIPS 1-10 Year	1.02	4.00	4.00	5.76	6.94	1.81	3.44	3.46	
Value Added	-0.65	-2.93	-2.93	-2.11	-1.92	2.59	-0.71	0.29	
Nuveen Real Asset	0.32	-0.45	-0.45	-20.69	-29.09	-18.24	-215.21	-207.52	2/1/2015
Putnam	3.72	4.77	4.77	4.65	4.23				6/1/2020
Internal Real Return	0.88	5.25	5.25	12.83	12.84			13.19	12/1/2023
Amerra AGRI Fund II	-3.23	-3.23	-3.23	-5.90	-8.45	-1.86	1.51	3.74	12/1/2012
Amerra AGRI Holdings	-4.76	-4.76	-4.76	-6.86	-7.46	-7.63	-5.89	-3.60	8/1/2015
BTG Pactual	-9.81	-9.81	-9.81	13.26	12.51	17.47	9.52	1.16	12/1/2014
IFM Infrastructure	1.04	1.04	1.04	5.06	5.97	5.87	5.37	5.09	7/1/2019
Blackstone Strat Opp	-0.07	-2.01	-2.01	-4.38	-2.38	-3.61	-4.65	-2.83	8/1/2017
CERS Ceres Farms	1.22	1.22	1.22					1.22	12/1/2024
Magnetar MTP EOF II	66.06	66.06	66.06	240.11	321.61	138.57	94.28	43.62	8/1/2015
Maritime Partners	0.00	0.00	0.00	4.57	9.04			5.94	10/1/2023
Oberland Capital	10.76	10.76	10.76	67.13	72.99	27.83	23.85	17.93	10/1/2014
Taurus Mine Finance	-8.32	-8.32	-8.32	-5.56	-0.94	21.60	12.44	7.74	1/1/2009
Tricadia Select	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-3.32	9/1/2017
TPF II	4.40	4.40	4.40	2.80	32.48	5.85	7.40	0.76	10/1/2008

Asset Allocation & Performance

Insurance Plan Accounts

Periods Ended March 31, 2025

	Performance (%) Net of Fees								
	1 Month	QTD	YTD	FYTD	1 Year	3 Years	5 Years	Since Inception	Inception Date
Luxor Capital	-0.02	1.11	1.11	2.12	4.10	2.01	1.39	0.16	4/1/2014
Pine River									5/1/2014
PRISMA Capital	0.32	0.98	0.98	3.49	4.80	3.28	1.88	2.74	9/1/2011
SABA Capital	-6.11	-3.37	-3.37	1.20	7.83			7.83	4/1/2024
SVP Project Spurs	6.31	6.31	6.31					6.31	12/1/2024

Kentucky Public Pensions Authority

Proxy Voting Report

Quarter Ending: March 31, 2025

Report can be found:

<https://www.kyret.ky.gov/Investments/Investments-Library/Pages/Proxy-Voting-Reports.aspx>

County Employees Retirement System

Investment Budget Update

Quarter Ending: March 31, 2025

KENTUCKY PUBLIC PENSIONS AUTHORITY Investment Budget For the nine month period ending March 31, 2025										
Account Name	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	Investment Budget FY 2025	FY25 Expenditures	Remaining	Percentage Spent
CONSULTING SERVICES										
Wilshire Associates	\$ 1,021,799	\$ 1,238,170	\$ 1,225,671	\$ 1,021,175	\$ 838,172	\$ 1,130,417	\$ 1,250,000	\$ 871,831	\$ 378,169	70%
Albourne	-	-	-	-	306,750	270,000	275,000	202,500	72,500	74%
MercerInsight	-	-	-	-	153,548	160,000	165,000	80,000	85,000	48%
New Private Markets Consultant	-	-	-	-	153,548	160,000	250,000		250,000	0%
SUBTOTAL	1,021,799	1,238,170	1,225,671	1,021,175	1,452,019	1,720,417	1,940,000	1,154,331	785,669	60%
LEGAL & AUDITING SERVICES										
Faegre Drinker			96,039	202,502	16,428	18,519	375,000	7,320	367,680	2%
Intelligent Management Solutions (IMS)	620,001	202,140	155,700	69,884	81,880	8,061	700,000	1,677,077	(977,077)	240%
McClain/Goldberg			891	-	-	312	25,000		25,000	0%
Reinhart	317,909	671,269	663,689	619,509	109,508	619,420	3,000,000	2,093,087	906,913	70%
Stoll-Keenon-Ogden	10,314	135,353	254,211	463,560	750,438	210,475	875,000	244,899	630,101	28%
Haystack			-	-	120,175	209,490	200,000	180,590	19,410	90%
Umberg Zipser			289,100	498,058	606,701	738,483	750,000	62,128	687,873	8%
Fiduciary Legal Expenses	-	-	-	-	5,288	400,872	850,000	545,746	304,254	64%
Miscellaneous				-	-	3,160	50,000	6,300	43,700	13%
SUBTOTAL	948,225	1,008,762	1,459,630	1,853,513	1,690,417	2,208,791	6,825,000	4,817,146	2,007,854	71%
CONTRACTURAL SERVICES										
Bloomberg	68,722	71,810	98,163	102,243	104,153	110,823	160,000	84,884	75,116	53%
BNYM Custodial Fees	2,056,390	2,088,475	2,379,838	2,565,169	2,333,981	2,752,592	2,700,000	2,354,481	345,519	87%
eVestment (Solovis RMS)			-	30,000	33,800	39,422	35,000		35,000	0%
Solovis (Reporting & Analytics)			-	245,000	266,017	306,319	300,000	319,744	(19,744)	107%
FactSet	222,476	162,295	109,662	140,098	146,411	151,431	150,000	100,755	49,245	67%
Russell Index Subscription	1,075	1,250	1,000	1,000	750	1,000	30,000	8,250	21,750	28%
S&P Global		94,500	26,250	68,250	27,563		47,500	20,672	26,828	44%
TradeWeb			-	6,000	7,700	2,800	-		-	-
State Street/Elkins McSherry	10,000	5,000	15,000	10,000	10,000		10,000		10,000	0%
ISS	32,050	32,050	28,288	35,813	39,875	62,875	60,000	35,688	24,313	59%
MSCI	1,000	1,000	1,000	1,000	1,000	1,000	1,000	2,500	(1,500)	250%
KPMG Tax Guarantor Services		7,606	22,050	7,350	-	9,450	10,000	9,450	550	95%
Jayant Ghevaria and CO		10,050	-	52,085	-		55,000		55,000	0%
India Renewal Fee (SEBI)			-	3,000	-	2,950	3,000		3,000	0%
With Intelligence	-	-	-	-	9,520	9,520	10,000	10,150	(150)	-
SUBTOTAL	2,391,713	2,474,036	2,681,251	3,267,008	2,980,769	3,450,182	3,571,500	2,946,573	624,927	83%

KENTUCKY PUBLIC PENSIONS AUTHORITY Investment Budget For the nine month period ending March 31, 2025										
Account Name	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	Investment Budget FY 2025	FY25 Expenditures	Remaining	Percentage Spent
MISCELLANEOUS SERVICES										
Miscellaneous Services							250,000		250,000	0%
Morningstar						2,500	2,500	2,500	-	100%
Oxford						19,500	20,000	20,475	(475)	102%
Pension Real Estate Association						330	350	330	20	94%
Reimbursement of Pzena	-	-	-	-	-	12,923			-	
SUBTOTAL	-	-	-	-	-	35,253	272,850	23,305	249,545	9%
INACTIVE CONTRACTURAL SERVICES										
Dean Dorton	9,719		-	-	250	-	-	-	-	
Hirschler		4,794	-	-	-	-	-	-	-	
INFORMA	12,904		-	-	-	-	-	-	-	
Lighthouse Solutions	3,093		-	-	-	-	-	-	-	
London Stock Exchange GBP (GREAT BRITISH POUNDS)	6,467	3,544	-	-	-	-	-	-	-	
Deutsche Bank Trust	3,000		3,000	-	-	-	-	-	-	
Morris James LLP	94,192	20,154	-	-	-	-	-	-	-	
Calcaterra Pollack			1,200,000	-	-	-	-	-	-	
Manatt		90,798	30,757	-	-	-	-	-	-	
ORG	162,344		-	-	-	162,344	-	-	-	
SUBTOTAL	291,718	119,290	1,233,757	-	250		-		-	
TOTAL	\$ 4,653,455	\$ 4,840,258	\$ 6,600,309	\$ 6,141,696	\$ 6,123,455	\$ 7,414,644	\$ 12,609,350	\$ 8,941,355	\$ 3,667,995	71%

INVESTMENT BUDGET	
CONSULTING SERVICES	
Wilshire Associates	General Investment Consultanting Services, Manager Research and Due Dilligence, Reporting, Asset Allocation
Albourne	Investment Consultant Research database - Private Markets Manager Research, Private Markets Research, Pension Markets Research
MercerInsight	Investment Consultant Research database - Public Markets Manager Research, Public Markets Research, Pension Markets Research
LEGAL & AUDITING SERVICES	
Faegre Drinker	Delaware litigation counsel
Intelligent Management Solutions (IMS)	IMS is an expert witness in the Bay Hills case.
McClain/Goldberg	Blackstone litigation counsel for the Trustees and Officers
Reinhart	Bay Hills counsel and investment counsel for contract negotiations
Stoll-Keenon-Ogden	Mayberry counsel
Haystack	Conduct Mayberry eDiscovery
Umberg Zipser	PAAMCO-Prisma (California litigation)
Frost Brown Todd	Currently has no investment-related cases
Swansburg & Smith	Reimbursement of Fiduciary Legal Expenses (KKR)
Eddins Domine	Reimbursement of Fiduciary Legal Expenses (KKR)
Taft	Reimbursement of Fiduciary Legal Expenses (Calcaterra Pollack)
CONTRACTURAL SERVICES	
Bloomberg	Bloomberg Professional Services, Data Analytics and Tools, Market Information and News, Research Portal
BNYM Custodial Fees	Full Service Custodial Services, Investment Accounting, Investment Operations, Transaction Services, Performance and Attribution, Reporting
eVestment (Solovis RMS)	Research Management Program organizing internal and external research
Solovis (Reporting & Analytics)	Portfolio and Risk Analytics, Performance Measurement and Attribution, Reporting
FactSet	Workstation and Quant/Risk Applications for managing Public Equity Portfolios
Russell Index Subscription	Access to Russell Indexes for Portfolio Management, Reporting and Performance
S&P Global	Data on the S & P US Index / License to 10,000 Identifiers for Portfolio Management, Reporting and Performance
TradeWeb	Electronic Trading Platform for Internal Management
State Street/Elkins McSherry	Public Equity Trade Cost Analysis
ISS	Portfolio Monitoring and Proxy Voting Services
MSCI	International Public Equity Data Package
KPMG Tax Guarantor Services	Tax Accounting Services - Taiwan
Jayant Ghevaria and CO	Tax Accounting Services - India
India Renewal Fee (SEBI)	Registration of India Local Market Accounts
Oxford Economics	Global macroeconomics and markets research
Morningstar	Access to Morningstar Indexes for Portfolio Management, Reporting and Performance
Pension Real Estate Association	Industry Association for News and Research
With Intelligence	Portfolio Management Research provider

KENTUCKY PUBLIC PENSIONS AUTHORITY Investment Fees and Expenses For the nine month periods ending March 31 Pension										
	2025		2024		2023		2022		2021	
	FYTD Fees	Market Value	FYTD Fees	Market Value	FYTD Fees	Market Value	FYTD Fees	Market Value	FYTD Fees	Market Value
Core Fixed Income	1,918,123	\$ 3,392,232,197	1,436,262	2,544,276,747	1,961,961	2,021,010,684	2,153,340	2,131,886,569	2,031,618	2,263,311,450
<i>Investment Advisory Fees</i>	<i>1,574,455</i>		<i>1,405,456</i>		<i>1,609,879</i>		<i>1,773,298</i>		<i>1,902,240</i>	
<i>Performance Fee</i>	<i>321,985</i>		-		<i>313,985</i>		<i>327,140</i>		<i>81,121</i>	
<i>Miscellaneous Fees and Expenses</i>	<i>21,683</i>		<i>30,806</i>		<i>38,098</i>		<i>52,902</i>		<i>48,257</i>	
Public Equity	12,302,858	8,272,903,499	10,500,632	8,817,430,444	9,871,250	7,364,652,759	10,884,478	6,939,548,432	9,171,752	6,619,150,686
<i>Investment Advisory Fees</i>	<i>11,308,385</i>		<i>10,324,571</i>		<i>9,712,159</i>		<i>10,658,036</i>		<i>8,995,110</i>	
<i>Performance Fee</i>	<i>834,608</i>									
<i>Miscellaneous Fees and Expenses</i>	<i>159,864</i>		<i>176,062</i>		<i>159,091</i>		<i>226,442</i>		<i>176,642</i>	
Specialty Credit Fixed Income	73,195,386	4,185,956,804	69,354,775	3,648,244,718	41,248,671	3,253,455,667	37,495,009	3,117,337,032	29,274,875	2,921,939,113
<i>Investment Advisory Fees</i>	<i>17,443,126</i>		<i>14,434,211</i>		<i>14,472,381</i>		<i>12,988,501</i>		<i>11,228,203</i>	
<i>Carried Interest</i>	<i>28,389,405</i>		<i>25,547,564</i>		<i>8,869,883</i>		<i>18,829,074</i>		<i>15,246,975</i>	
<i>Miscellaneous Fees and Expenses</i>	<i>27,362,855</i>		<i>29,373,000</i>		<i>17,906,407</i>		<i>5,677,434</i>		<i>2,799,697</i>	
Real Estate	12,278,479	1,028,805,095	4,564,242	968,171,717	4,469,109	929,393,252	25,637,587	844,241,655	5,303,814	589,400,002
<i>Investment Advisory Fees</i>	<i>5,912,002</i>		<i>5,704,259</i>		<i>3,627,098</i>		<i>3,454,869</i>		<i>3,254,551</i>	
<i>Carried Interest</i>	<i>(13,420)</i>		<i>(4,779,365)</i>		<i>42,187</i>		<i>20,336,478</i>		<i>(907,044)</i>	
<i>Miscellaneous Fees and Expenses</i>	<i>6,379,897</i>		<i>3,639,348</i>		<i>799,825</i>		<i>1,846,240</i>		<i>2,956,307</i>	
Real Return	9,414,309	1,392,525,484	2,848,101	924,917,847	3,159,066	460,465,548	3,848,329	568,603,601	6,282,116	1,011,388,853
<i>Investment Advisory Fees</i>	<i>5,141,840</i>		<i>2,781,907</i>		<i>1,799,568</i>		<i>2,738,748</i>		<i>3,527,345</i>	
<i>Carried Interest</i>	<i>2,910,172</i>		<i>(193,100)</i>		<i>473,651</i>		<i>1,049,935</i>		<i>2,329,614</i>	
<i>Miscellaneous Fees and Expenses</i>	<i>1,362,297</i>		<i>259,294</i>		<i>885,848</i>		<i>59,646</i>		<i>425,157</i>	
Private Equity	10,491,962	1,137,240,252	10,552,171	1,168,729,880	1,735,503	1,143,005,497	52,650,593	1,303,761,398	34,414,531	1,155,001,941
<i>Investment Advisory Fees</i>	<i>3,211,368</i>		<i>4,288,725</i>		<i>5,111,920</i>		<i>5,375,037</i>		<i>6,202,846</i>	
<i>Carried Interest</i>	<i>5,079,854</i>		<i>2,729,542</i>		<i>(5,910,958)</i>		<i>44,069,198</i>		<i>26,932,151</i>	
<i>Miscellaneous Fees and Expenses</i>	<i>2,200,740</i>		<i>3,533,904</i>		<i>2,534,541</i>		<i>3,206,358</i>		<i>1,279,534</i>	
Administrative Expense/Cash	6,092,042	619,233,427	3,275,020	534,190,997	2,349,103	980,437,717	3,087,180	1,088,261,843	1,932,601	285,262,649
Total Investment Mgmt Fees	125,693,158	\$ 20,028,896,758	102,531,203	18,605,962,349	64,794,664	16,152,421,124	135,756,516	15,993,640,530	88,411,307	\$ 14,845,454,694

KENTUCKY PUBLIC PENSIONS AUTHORITY Investment Fees and Expenses For the nine month periods ending March 31 Insurance										
	2025		2024		2023		2022		2021	
	FYTD Fees	Market Value	FYTD Fees	Market Value	FYTD Fees	Market Value	FYTD Fees	Market Value	FYTD Fees	Market Value
Core Fixed Income	608,715	\$ 1,016,562,758	480,275	784,067,380	737,251	738,513,799	810,054	802,476,521	813,678	864,872,800
<i>Investment Advisory Fees</i>	<i>496,849</i>		<i>469,632</i>		<i>612,135</i>		<i>673,659</i>		<i>766,735</i>	
<i>Performance Fee</i>	<i>104,860</i>		<i>-</i>		<i>112,040</i>		<i>117,337</i>		<i>28,448</i>	
<i>Miscellaneous Fees and Expenses</i>	<i>7,006</i>		<i>10,642</i>		<i>13,075</i>		<i>19,058</i>		<i>18,495</i>	
Public Equity	5,507,573	3,565,255,008	4,806,899	3,941,379,593	4,563,134	3,377,277,074	4,821,293	3,215,837,276	4,102,906	2,988,294,144
<i>Investment Advisory Fees</i>	<i>5,058,688</i>		<i>4,727,899</i>		<i>4,490,997</i>		<i>4,743,902</i>		<i>4,026,883</i>	
<i>Performance Fee</i>	<i>381,519</i>									
<i>Miscellaneous Fees and Expenses</i>	<i>448,885</i>		<i>78,999</i>		<i>72,137</i>		<i>77,391</i>		<i>76,023</i>	
Specialty Credit Fixed Income	32,416,406	1,840,605,004	30,989,778	1,620,501,044	18,849,336	1,464,234,371	16,639,635	1,409,325,113	12,524,624	1,325,409,023
<i>Investment Advisory Fees</i>	<i>7,524,653</i>		<i>6,250,818</i>		<i>6,424,488</i>		<i>5,791,524</i>		<i>5,087,579</i>	
<i>Carried Interest</i>	<i>12,804,647</i>		<i>11,723,264</i>		<i>4,582,063</i>		<i>8,397,118</i>		<i>6,349,014</i>	
<i>Miscellaneous Fees and Expenses</i>	<i>12,087,106</i>		<i>13,015,696</i>		<i>7,842,785</i>		<i>2,450,993</i>		<i>1,088,031</i>	
Real Estate	5,357,216	461,032,026	2,259,264	434,538,136	2,029,870	392,477,821	10,607,357	356,747,650	2,331,407	249,384,483
<i>Investment Advisory Fees</i>	<i>2,686,784</i>		<i>2,591,757</i>		<i>1,515,332</i>		<i>1,501,018</i>		<i>1,408,641</i>	
<i>Carried Interest</i>	<i>(6,622)</i>		<i>(1,892,121)</i>		<i>171,381</i>		<i>8,302,981</i>		<i>(290,973)</i>	
<i>Miscellaneous Fees and Expenses</i>	<i>2,677,054</i>		<i>1,559,628</i>		<i>343,157</i>		<i>803,358</i>		<i>1,213,739</i>	
Real Return	3,916,652	515,069,035	1,292,405	367,246,753	1,402,993	177,947,842	1,672,090	219,995,987	2,465,100	427,472,422
<i>Investment Advisory Fees</i>	<i>1,986,506</i>		<i>1,228,914</i>		<i>801,226</i>		<i>1,221,294</i>		<i>1,508,890</i>	
<i>Carried Interest</i>	<i>1,323,315</i>		<i>(72,537)</i>		<i>196,724</i>		<i>415,727</i>		<i>(139,583)</i>	
<i>Miscellaneous Fees and Expenses</i>	<i>606,831</i>		<i>136,029</i>		<i>405,042</i>		<i>35,069</i>		<i>1,095,793</i>	
Private Equity	4,609,993	551,795,676	7,297,602	597,270,698	2,034,850	584,914,353	32,266,953	621,666,942	22,861,402	561,073,081
<i>Investment Advisory Fees</i>	<i>2,034,898</i>		<i>2,686,334</i>		<i>3,350,796</i>		<i>3,739,853</i>		<i>4,149,597</i>	
<i>Carried Interest</i>	<i>1,470,289</i>		<i>2,417,277</i>		<i>(2,539,096)</i>		<i>27,332,502</i>		<i>18,202,847</i>	
<i>Miscellaneous Fees and Expenses</i>	<i>1,104,806</i>		<i>2,193,991</i>		<i>1,223,150</i>		<i>1,194,598</i>		<i>508,958</i>	
Administrative Expense/Cash	2,849,313	161,208,749	1,683,584	115,745,443	1,225,286	236,662,657	1,564,044	505,485,795	1,219,907	140,405,157
Total Investment Mgmt Fees	\$ 55,265,868	\$ 8,111,528,256	\$ 48,809,807	\$ 7,860,749,046	\$ 30,842,720	\$ 6,972,027,917	\$ 68,381,426	\$ 7,131,535,284	\$ 46,319,024	\$ 6,556,911,110

KENTUCKY PUBLIC PENSIONS AUTHORITY Investment Fees and Expenses For the nine month period ending March 31, 2025 Pension				
	CERS		CERS Hazardous	
	FYTD Fees	Market Value	FYTD Fees	Market Value
Core Fixed Income	749,907	\$ 1,323,212,130	266,540	\$ 471,488,560
<i>Investment Advisory Fees</i>	614,663		218,359	
<i>Performance Fees</i>	126,711		45,141	
<i>Miscellaneous Fees and Expenses</i>	8,533		3,040	
Public Equity	6,878,230	4,573,550,625	2,449,777	1,631,938,824
<i>Investment Advisory Fees</i>	6,334,172		2,256,432	
<i>Performance Fees</i>	455,053		161,913	
<i>Miscellaneous Fees and Expenses</i>	89,006		31,431	
Specialty Credit Fixed Income	39,644,643	2,073,266,614	13,426,800	732,548,585
<i>Investment Advisory Fees</i>	9,083,657		3,125,054	
<i>Performance Fees</i>	15,559,342		5,157,516	
<i>Miscellaneous Fees and Expenses</i>	15,001,643		5,144,230	
Real Estate	6,859,422	531,624,260	2,166,080	169,208,407
<i>Investment Advisory Fees</i>	3,249,736		1,025,310	
<i>Performance Fees</i>	(4,896)		(1,610)	
<i>Miscellaneous Fees and Expenses</i>	3,614,582		1,142,380	
Real Return	4,163,771	566,103,533	1,542,248	201,837,346
<i>Investment Advisory Fees</i>	2,063,943		743,372	
<i>Performance Fees</i>	1,371,901		540,413	
<i>Miscellaneous Fees and Expenses</i>	727,927		258,463	
Private Equity	5,951,280	614,435,089	2,025,841	220,118,772
<i>Investment Advisory Fees</i>	2,047,165		679,855	
<i>Performance Fees</i>	2,570,173		897,420	
<i>Miscellaneous Fees and Expenses</i>	1,333,942		448,567	
Administrative Expenses/Cash	3,064,574	290,321,575	1,092,552	145,230,667
Total Investment Mgmt Fees	67,311,828	\$ 9,972,513,825	22,969,839	\$ 3,572,371,160

KENTUCKY PUBLIC PENSIONS AUTHORITY Investment Fees and Expenses For the nine month period ending March 31, 2025 Insurance				
	CERS		CERS Hazardous	
	FYTD Fees	Market Value	FYTD Fees	Market Value
Core Fixed Income	290,623	\$ 490,450,938	136,048	\$ 229,076,768
<i>Investment Advisory Fees</i>	236,783		110,753	
<i>Performance Fees</i>	50,468		23,711	
<i>Miscellaneous Fees and Expenses</i>	3,372		1,584	
Public Equity	2,533,044	1,682,100,662	1,224,234	795,387,907
<i>Investment Advisory Fees</i>	2,329,880		1,130,500	
<i>Performance Fees</i>	171,264		78,911	
<i>Miscellaneous Fees and Expenses</i>	31,900		14,823	
Specialty Credit Fixed Income	14,526,671	779,101,141	7,656,663	369,513,050
<i>Investment Advisory Fees</i>	3,239,553		1,622,762	
<i>Performance Fees</i>	5,737,253		3,109,126	
<i>Miscellaneous Fees and Expenses</i>	5,549,865		2,924,775	
Real Estate	2,410,033	192,529,066	1,322,451	105,653,391
<i>Investment Advisory Fees</i>	1,184,239		649,294	
<i>Performance Fees</i>	(3,556)		(1,433)	
<i>Miscellaneous Fees and Expenses</i>	1,229,350		674,590	
Real Return	1,633,876	204,395,030	725,648	97,354,939
<i>Investment Advisory Fees</i>	755,613		348,151	
<i>Performance Fees</i>	601,565		245,112	
<i>Miscellaneous Fees and Expenses</i>	276,697		132,385	
Private Equity	2,149,320	237,550,523	1,170,937	132,185,678
<i>Investment Advisory Fees</i>	957,749		534,607	
<i>Performance Fees</i>	615,644		324,261	
<i>Miscellaneous Fees and Expenses</i>	575,927		312,070	
Administrative Expenses/Cash	1,287,034	82,791,271	616,090	17,933,908
Total Investment Mgmt Fees	\$ 24,830,600	\$ 3,668,918,632	\$ 12,852,071	\$ 1,747,105,641



MEMORANDUM

TO: County Employees Retirement System Board of Trustees

From: JT Fulkerson, Chair
Personnel Committee

Date: June 9, 2025

Subject: Summary of Personnel Committee Meeting

The County Employees Retirement System Personnel Committee held a special meeting on May 21, 2025.

1. The following items were approved by the Personnel Committee and are being forwarded to the County Employees Retirement System Board of Trustees for ratification*

- a. **CERS CEO Contract** – The Personnel Committee reviewed the current CEO 2-year contract and decided to vote on the extension of that contract with the only change being to increase the yearly salary to \$178,000. After consideration and discussion, the Committee voted unanimously to recommend the approval of the CERS Contract with the salary adjustment to the entire CERS Board of Trustees.
- b. **CERS General Counsel Contract** – The Personnel Committee reviewed the current 1-year contract with CERS counsel, Johnson, Branco & Brennan, LLP, and after consideration and discussion, the Committee voted unanimously to recommend the approval of the CERS General Counsel contract, under the current fee schedule, to the entire CERS Board of Trustees.

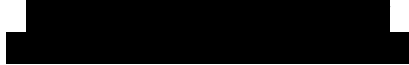
RECOMMENDATION: The Personnel Committee requests the County Employees Retirement System Board of Trustees ratify the actions taken by the Personnel Committee.

2. The following items were also discussed during the Personnel Committee meeting:

- a. There were no other items discussed at the Committee meeting.

***Board of Trustees Action Required**

**AMENDED PERSONAL SERVICE CONTRACT FOR
CHIEF EXECUTIVE OFFICER BETWEEN
COUNTY EMPLOYEES RETIREMENT SYSTEM AND
EDWARD OWENS, III**



This Personal Service Contract ("PSC") is entered into by and between the County Employees Retirement System ("System" or "CERS") and Edward Owens, III ("Employee") to establish a contract for the Chief Executive Officer ("CEO") of the County Employees Retirement System.

No solicitation under the Kentucky Model Procurement Code was issued for these services. Employee's appointment to this position was determined under the statutory authority of CERS. Per Kentucky Revised Statutes Section 78.782(9)(a), "The board of trustees shall appoint or contract for the services of a chief executive officer...and fix the compensation & other terms of employment...without limitation of the provisions of KRS Chapters 18A, 45A and KRS 64.640."

This PSC is effective 07/01/~~2025~~~~2023~~ and expires 06/30/~~2027~~~~2025~~. The Board of Trustees of the County Employees Retirement System reserves the right to renew this agreement per the authority granted to them in KRS 78.782 and by House Bill 9, which passed in the 2021 Regular Legislative Session.

CERS and Employee agree to the following:

I. Scope of Agreement

Services required:

Employment Duties, Contract Term and Application of Personnel Policies.

1. Duties.

The Board of Trustees ("Board") of the County Employees Retirement System agrees to employ Edward Owens, III ("Employee") as Chief Executive Officer in a full-time exempt capacity. Employee will report to the Board of CERS and shall perform his duties and discharge his responsibilities competently, carefully and faithfully as required herein and in the CERS Policies, as applicable. Per Kentucky Revised Statutes Section 78.782(9)(a) the CEO "shall serve as the legislative and executive adviser to the board...The chief executive officer...shall work with the executive director of the Kentucky Public Pensions Authority ("KPPA") to carry out the provisions of KRS 78.510 to 78.852." Employee's general duties are described in the CERS Chief Executive Officer Position Description (attached hereto as "Exhibit A"), as amended from time to time by CERS, and shall also include such other duties as are assigned to the Employee by the Board, and as may be listed in the CERS Board Bylaws. Employee will devote his time and best efforts

to the affairs of CERS and shall complete all assigned tasks to the satisfaction of the Board and within any prescribed timeframe.

2. Contract Term.

The term of Employee's PSC with CERS shall be for the period from July 1, ~~2025~~2023 through June 30, ~~2027~~2025 (the "Contract Term"), unless earlier terminated pursuant to this Agreement. Nothing in this Agreement shall be construed to create any commitment, guarantee, agreement or understanding of any kind that CERS shall continue to employ Employee after the end of the Contract Term. Employee's performance shall be reviewed by the CERS Board, or a subcommittee thereof, upon the completion of one (1) year of employment.

3. Policies.

The Employee is subject to the Commonwealth of Kentucky Employee Handbook, any Personnel Policies, Conflict of Interest Policies, Confidentiality Policies or any other personnel related policies, statutes and regulations which apply to CERS or Commonwealth of Kentucky employees, except to the extent his unclassified position is exempted therefrom in any statute, or exempted as set forth in this Agreement.

4. Compensation.

A. Salary.

CERS shall pay Employee, as compensation for the performance of his obligations under this Agreement, an annual salary of \$~~178,000.00~~165,000.00. Employee understands that no variable or performance linked compensation is envisioned during the term of this agreement. The salary shall be paid in such periodic installments as KPPA and the Commonwealth pays their employees.

B. Benefits.

Employee is to work in a full-time capacity on a 37.5 hour work week, as defined in the Commonwealth of Kentucky Employee Handbook ("Employee Handbook"). Except as set forth below, CERS shall provide Employee, for the duration of his employment, with all benefits received by other full-time employees of KPPA and the Commonwealth of Kentucky.

(i) Employee and CERS agree that Employee is not to participate in the Kentucky Employees Retirement System non-hazardous retirement plan. Instead, and as a retirement benefit, Employee, being eligible to participate in The Kentucky Public Employees' Deferred Compensation Authority (hereinafter KDC), shall be paid by CERS the following:

(a) CERS shall contribute, on behalf of the Employee, Two Dollars (\$2) for every One Dollar (\$1) contributed by the Employee of the first 7% of the Employee's salary to either the KDC 401k Pre-

Tax Plan, or 401(k) ROTH After-Tax plan. Employee will be 100% vested in these benefits.

If Employee works in excess of 37.5 hours in a work week, he shall receive compensatory leave time, on an hour for hour basis, for all hours worked in excess of 37.5 hours, in the same manner as provided for all other exempt employees in a policy making position, as set forth in the Employee Handbook. As with all other leave Employee accrues, unless for an unexpected or emergency purpose, he is to request advance leave approval for the use of compensatory leave. If Employee needs to be absent for an emergency or unexpected reason, Employee shall contact the CERS Chair as soon as practicable.

Employee's annual leave balance shall not be subject to the limits included in 101 KAR 3:015 Section 1(2)(i). Any annual leave converted to sick leave pursuant to 101 KAR 3:015 Section 1(2)(j) shall be converted back to annual leave by the appropriate entity. Upon separation, payout of employee's annual leave shall not be subject to the limitation contained in 101 KAR 3:015 Section 1(3)(a)(2). Instead, employee shall be paid for all accumulated annual leave.

It is understood and agreed by Employee that the annual salary and benefits set forth above shall not be changed during the Contract Term (unless the Commonwealth of Kentucky amends the benefits received by its full-time employees).

5. Early Termination of Employment.

A. Termination for Cause.

CERS may immediately terminate Employee's employment with CERS at any time prior to the end of the Contract Term for "Cause" as defined below. The decision to terminate the Employee for Cause shall require a majority vote of the full CERS Board. The existence of Cause shall be determined in the sole and absolute discretion of the CERS Board.

(i) Definition and Determination of "Cause."

(a) As used herein, "Cause" shall include but not be limited to the following:

(I) Failure or neglect by Employee to satisfactorily perform the duties of the Employee's position.

(II) Failure of the Employee to obey lawful orders or to comply with lawful directives to him.

(III) Misconduct in connection with the performance of any of his duties, including but not limited to misappropriations of funds or property of CERS, misrepresentations to CERS or any regulatory authority, the violation of any laws, regulations or policies to which CERS is subject or the Employee's position is subject, violation of

a provision of the Kentucky Executive Branch Code of Ethics or any policies of the County Employees Retirement System.

(IV) Commission by Employee of an act involving moral turpitude, dishonesty, theft, unethical business conduct, or conduct that impairs or injures the reputation of, or harms, CERS.

(V) The performance of any act as CEO outside the authority of the CEO.

(VI) Failure to cooperate fully in any investigation by CERS or by any regulatory or law enforcement authority that may properly investigate the CERS.

(VII) Disclosure of any confidential or proprietary information.

(VIII) Use or abuse of alcohol or drugs which interferes with the Employee's performance of his duties.

(ii) CERS shall provide Employee with written notice of termination for Cause citing the specific reasons for the termination. The Employee is non-classified and therefore Employee does not have the right to appeal any termination in any manner to a neutral decision maker. Consequently, Employee shall have no rights to the Grievance and Appeal Procedures set forth in the Commonwealth of Kentucky Employee Handbook and shall have no right of appeal to the Kentucky Personnel Board. The Employee's only rights of recourse are set forth in this Agreement.

If Employee's employment with CERS is terminated for Cause prior to the end of the Contract Term, Employee shall receive his contractual compensation, as set forth herein, through the date of termination, and Employee shall not be entitled to compensation for the remaining term of employment under this Agreement.

B. Termination Without Cause.

The Board may terminate Employee's employment with CERS prior to the end of the Contract Term at any time without Cause by providing written notice of the same. If Employee's employment with CERS is terminated prior to the end of the Contract Term for reasons other than Cause, the Employee shall be entitled to three (3) months of the contractual compensation or the amount of the contractual compensation remaining through the end of the Contract Term, whichever is less. This amount shall be payable to Employee in one lump-sum payment within thirty (30) calendar days of termination; provided, however, CERS shall not be required to make any such payment until, upon the request of and in form acceptable to CERS, Employee executes and delivers a full and complete release of CERS, CERS' Board, and CERS'

and KPPA's employees, individually and in their official capacities, for any and all claims and potential claims of any nature, employment related or otherwise, whether arising by statute, contract or common law, that Employee could assert against CERS or KPPA, such release to be in a form satisfactory to CERS and its counsel.

In the event of termination without Cause, the only obligation for compensation to Employee shall be as stated in this subparagraph, and Employee shall not be entitled to compensation for the remaining term of employment under this Agreement.

C. Voluntary Termination.

Employee shall have the right to terminate his employment with CERS voluntarily, at any time, by giving at least sixty (60) days' written notice to the Chair of the CERS Board. Under the terms of a voluntary termination, Employee is entitled to his contractual compensation, as set forth herein, through the date of resignation.

6. Miscellaneous.

A. Notices.

Any notice or other communication required or which may be given to any party hereunder shall be in writing and shall be delivered personally, or sent by certified, registered or express mail, postage prepaid, and shall be deemed given when so delivered personally, or if mailed, five days after the date of mailing to the respective party as follows:

To CERS:	County Employees Retirement System
Attention:	CERS Board Chair 1260 Louisville Road Frankfort, KY 40601

To Employee:	Edward Owens, III 
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B. Successors and Assigns.

This Agreement shall inure to the benefit of and be binding upon CERS and its successors and assigns, and Employee and his heirs and personal representatives, but Employee's rights hereunder are personal to him and shall not be subject to voluntary or involuntary alienation, assignment or transfer. For the purposes of this Agreement, the term "successors and assigns" shall mean any person, firm, corporation, or other entity which at any time, whether by change in law, merger, purchase or otherwise, shall manage or acquire all, or substantially all, of the assets or business of CERS.

C. Governing Law.

This Agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Kentucky.

D. Entire Agreement.

This Agreement is the entire and exclusive agreement between Employee and CERS with regard to the subject matter hereof and supersedes all previous oral and written agreements or understandings, and all contemporaneous oral and written negotiations, commitments, understandings and communications between the parties, relating to the subject matter of this Agreement. Either CERS or Employee may terminate the employment relationship at any time for any reason pursuant to the terms of this Agreement. Nothing in this Agreement is intended, nor should be construed, to limit or modify this mutual right. This Agreement was negotiated between the Employee and representatives of the CERS Board.

E. Waivers and Amendments.

This Agreement may be amended, modified, superseded, cancelled, renewed or extended, and the terms and conditions hereof may be waived, only by a written instrument signed by the Chair of the CERS Board of Trustees and Employee or, in the case of a waiver, by the party waiving compliance. No delay on the part of the CERS Board or Employee in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of the CERS Board or Employee of any right, power or privilege hereunder, or any single or partial exercise of any right, power or privilege hereunder, preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder. The rights and remedies herein provided are cumulative and are not exclusive of any rights or remedies that the CERS Board or Employee may otherwise have at law or in equity, except as expressly excluded herein.

F. Severability.

The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof.

G. Counterparts.

This Agreement may be executed in two (2) or more Counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

H. Headings.

The headings in this Agreement are for reference purposes only and shall not in any way affect the meaning, construction or interpretation of this Agreement. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party does not apply in interpreting this Agreement. The language in all parts of this Agreement is to be construed according to its fair meaning, and not strictly for or against any party hereto.

I. Jurisdiction.

CERS and Employee hereby irrevocably consent and submit to the jurisdiction of (A) the Circuit Court of Franklin County, Commonwealth of Kentucky or (B) the United States District Court sitting in and for the district which includes the City of Frankfort, Commonwealth of Kentucky in any dispute, action, claim or proceeding arising out of or relating to this Agreement, and irrevocably agree that any and all claims arising out of or relating to this Agreement shall be heard and determined in these Courts, without regard to the principle of conflicts of law.

J. Conflict-of-Interest Laws and Principles.

The Employee certifies that he is legally entitled to enter into this Agreement with CERS, and by holding and performing this Agreement, he will not be violating any Conflict of Interest Statute or Policy, or KRS 11A.040 of the Executive Branch Code of Ethics.

K. Survival.

This Agreement shall survive the termination of Employee's Employment with CERS.

II. Contract Components and Order of Precedence

CERS' appointment of the Employee as its Chief Executive Officer shall create a valid contract between the Parties consisting of the following:

1. Any written Agreement between the Parties.
2. Any Addenda to the Agreement.

In the event of any conflict between or among the provisions contained in the Agreement, the order of precedence shall be as enumerated above.

III. Pricing

1. Salary.

CERS shall pay Employee, as compensation for the performance of his obligations under this Agreement, a base annual salary of \$~~178,000.00~~~~165,000.00~~ and benefits as determined and set forth herein. Employee understands that no variable or performance linked compensation may be paid during the term of this agreement. Any and all changes to this Agreement must be processed in the same manner as the original Agreement. The salary shall be paid in such periodic installments as KPPA and the Commonwealth of Kentucky pays their employees.

IV. Invoicing

1. Payment.

Payment is processed through the Commonwealth of Kentucky's KHRIS system. In order to assist CERS in determining its future need for a full-time or part-time CEO, Employee shall accurately track and record any and all time (hours and quarter of hour fractions thereof) spent performing any duty, however minor the time may seem (e.g. 5 minutes responding to an e-mail x 3 e-mails = 0.25 hours to be reported), relating to this Agreement. Any time worked up to 15 minutes shall be reported as 0.25 hours. Any time worked between 16 minutes and 30 minutes shall be reported as .50 hours. Any time worked between 31 minutes and 45 minutes, shall be reported as .75 hours. Any time worked between 46 minutes and 1 hour shall be reported as 1.0 hours.

2. Travel Expenses.

CERS shall reimburse the Employee for travel expenses in accordance with the state regulations established by the Kentucky Finance and Administration Cabinet and in compliance with Kentucky Revised Statutes and Kentucky Administrative Regulations upon receipt of approved documentation. Employee shall receive pre-authorization from the CERS Board Chair before travelling or attending any educational sessions (including virtual trainings) on behalf of CERS.

3. Other Expenses.

The Employee shall be reimbursed for no other expenses of any kind, unless and except as specifically authorized within the specifications of this Agreement or authorized in advance and in writing by the Chair of the CERS Board.

If reimbursement of such expenses is authorized, the reimbursement shall be only on an out-of-pocket basis. Request for payment of same shall be processed upon receipt from the Employee of valid, itemized statements submitted periodically for payment at the time any expenses are due. The Employee shall maintain supporting documents that substantiate every claim for expenses and shall furnish the same if requested by CERS.

[REMAINDER OF THE PAGE LEFT INTENTIONALLY BLANK]

IN WITNESS WHEREOF, CERS has caused this Agreement to be subscribed on its behalf by its duly authorized agent, and Employee has caused this Agreement to be subscribed on his behalf, as of the ___ day, June 202~~53~~⁵³. By affixing signatures below, the parties verify that they are authorized to enter into this Agreement and that they accept and consent to be bound by the terms and conditions stated herein. In addition, the parties agree that (i) electronic approvals may serve as electronic signatures; and (ii) this Agreement may be executed in any number of counterparts, each of which when executed and delivered shall constitute a duplicate original, but all counterparts together shall constitute a single contract.

CERS

Employee

COUNTY EMPLOYEES RETIREMENT SYSTEM

EDWARD OWENS, III

By: _____
Name: George Cheatham
Title: CERS Board Chair
Date: _____

By: _____
Name: Edward Owens, III
Title: CERS Chief Executive Officer
Date: _____

APPROVED AS TO FORM AND LEGALITY:

By: _____
Name: W. Eric Branco
Title: General Counsel, CERS
Date: _____

EXHIBIT A



Position Description Chief Executive Officer CERS Board of Trustees

SUMMARY OF DUTIES

Responsible for all functions relating to efficient operations of the CERS Board of Trustees, develops policies and procedures; collaborates with KPPA Administrative staff; serves as legislative liaison; and develops a strategic plan for governance of CERS.

CERS BOARD MISSION

Develop core mission statement and organize Board's strategic planning. Develops collaborative team strategy with KRS and KPPA Board and staff. Develop relationships with key stakeholders. Recommend policy revisions to improve costs, efficiency, and effectiveness. Recommend communications improvements for members and stakeholders. Furnishes written reports, as requested by the CERS Board.

INVESTMENT OVERSIGHT

Coordinate with KPPA CIO and investment staff to oversee CERS investment portfolio. Review monthly investment performance reporting and collaborate with CERS investment consultant(s) to monitor investment strategy. Ensure that materials and advisor communications are organized for CERS Investment Committee and Board discussions of investments.

ACTUARIAL ANALYSIS

Facilitate Board's discussion of actuarial assumptions, annual valuations, studies, and presentations to PPOB. Coordinate with Actuary selected by KPPA to complete annual actuarial valuation and periodic experience studies. Monitor CERS compliance with statutory requirements for actuarial analysis and reporting. Facilitate Actuarial Analysis required for proposed legislation.

LEGISLATIVE LIAISON

Collaborate with stakeholders to develop legislative goals. Monitor legislation that impacts CERS. Develop reporting & communication to PPOB. Develop CERS Board biennial budget request for CERS approval. Coordinate with KPPA to integrate CERS Board budget with the KPPA Administrative biennial agency budget request. Respond to legislative inquiries for actuarial or financial data.

PROCUREMENT COORDINATION

Prepares, or oversees preparation of, Request for Proposals for various contractual services. Serves as the liaison with the CERS outside advisors. Represents CERS Board on task forces, committees, councils or meetings as assigned. Plans, develops, initiates and evaluates research projects. Analyze CERS cash flow reporting. Develop SAFR reporting strategy.

COMPLIANCE

Confer with General Counsel. Provide technical assistance, advice and interpretation of rules and regulations, policies/procedures to legislators, CERS Board & Committees for CERS plan management. Coordinates with KPPA Executive Director to implement administrative policies. Develops and implements policy/procedures to ensure compliance with state and federal laws, rules and regulations.

OTHER DUTIES

Performs other duties as assigned.

Position Description Chief Executive Officer CERS Board of Trustees (Continued)

QUALIFICATIONS AND EXPERIENCE:

The following list is not the minimum qualifications, but does outline the types of qualifications and experience that CERS Board will consider to evaluate candidates. Candidates should describe their specific expertise, training, or experience with any of these areas in their proposal.

- Bachelor's degree in the fields of Accounting, Public Administration, Finance, Law, or a field related to governmental management or governing board administration.
- Professional certifications in finance, accounting, pension, or investment management, such as a CPA, CMA, CFA, Accredited Fiduciary, Certified Retirement Administrator, or a related profession.
- Significant management experience with governing board organization, pension administration, financial services, legislative analysis, educational development, and/or governmental management operations.
- Understanding of the fiduciary role of Trustees and a CEO for management of a public employee retirement system.
- Knowledge of federal and Kentucky laws and regulations governing open meetings, open records, ethics, public pension systems, governmental accounting, auditing, finance, retirement benefits administration, actuarial science and institutional investing.
- Experience communicating with stakeholders, legislators, and the media in a governmental environment.

JOHNSON BRANCO & BRENNAN, LLP

PERSONAL SERVICE CONTRACT

THIS CONTRACT, made and entered into this ____ day of _____
20252024, by and between Johnson Branco & Brennan, LLP, 326 West Main Street, Frankfort, Kentucky 40601, (“Contractor”), and the County Employees Retirement System Board of Trustees (“CERS Board”), located at 1260 Louisville Road, Frankfort, Kentucky 40601, for general counsel legal services as more particularly described as follows:

1. Scope of Work:

Contractor will provide general counsel legal services when needed and determined by the CERS Board, as set forth in Kentucky Revised Statute 78.782.

2. Relationship of Parties:

Contractor warrants that all work performed by Contractor under this personal service contract shall be performed as an independent contractor.

3. Fees:

For the services rendered by the Contractor, the CERS Board shall pay the rates set forth in the “Fee Schedule” attached to this personal service contract. The CERS Board understands and agrees that all time spent will be billed by Contractor including, but not limited to, office meetings, court appearances, travel, telephone calls, e-mails, research, pleadings, letters, file maintenance, reviewing documents and file, and preparing exhibits. Contractor shall invoice the CERS Board at the beginning of each month for work done in the prior month. The invoice shall itemize the number of hours worked, in 1/10ths of an hour increments, and a brief description of each task performed. Contractor will be reimbursed for all necessary and reasonable out-of-pocket expenses, including travel expenses.

4. Duration and Termination:

The duration of this personal service contract shall run from July 1, 20252024, through June 30, 20262025. At expiration, this personal service contract may be renewed by negotiation for further periods. Termination or cancelation of this personal service contract may occur by Contractor or the CERS Board upon thirty days advance written notice provided by certified or registered mail.

5. Conflicts of Interest:

Contractor certifies that it has not and will not pay or cause to be paid, any money, fees, political contributions, or other things of value to any third party as a result of or in relation to legal advice provided to the CERS Board, without the prior informed written consent of the CERS Board.

Contractor certifies that it has not and will not accept any money, fees, or other things of value from any third party as a result of or in relation to legal advice provided to CERS Board, without the prior informed written consent of the CERS Board.

The Contractor agrees it shall not engage, directly or indirectly, in any financial or other transaction with a trustee or employee of the CERS Board which would violate standards of the Executive Branch Ethics provisions. Contractor further certifies that neither the firm, nor its employees, have knowingly violated any of the Executive Branch Ethics provisions or the campaign finance laws of the Commonwealth.

Contractor will not accept any new cases or matters in its practice which will create a conflict of interest with CERS Board and will institute “ethical walls” to protect against conflict of interests between Contractor, existing clients, and the CERS Board.

6. Confidential Information:

Contractor may have certain access to confidential information maintained by the CERS Board to the extent necessary to carry out its responsibilities and shall presume that all information received pursuant to this contract is confidential. Confidential information shall remain the property of the CERS Board at all times. No confidential information collected, maintained, or used in the course of the contract shall be disseminated except as authorized by law and with the written consent of CERS Board.

7. Information Requests and Disclosures:

In the event that a subpoena or other legal process is served upon Contractor for records containing confidential information, the Contractor shall promptly notify the CERS Board and cooperate with CERS Board in any lawful effort to protect the confidential information, at CERS Board’s expense. Contractor shall promptly report an unauthorized disclosure of confidential information to the CERS Board.

8. Assignment and Amendments:

This contract may not be assigned by Contractor without the written consent of the CERS Board. Modifications, amendments, or additions to this contract shall only be effective when made in writing and signed by both parties.

9. Entire Agreement:

This personal service contract contains the entire agreement between the parties. There are no other understandings, representations, or inducements being relied upon by either party except those expressly set forth in this personal service contract or other writing which shall be signed by the parties and attached hereto. The parties further acknowledge that they have read and understand this personal service contract and have received a copy of the same.

10. Severability:

The provisions of this contract shall be severable, and the unenforceability of one or more provisions shall not affect the enforceability of any of the other provisions. Additionally, if any provision of the contract, for any reason, is declared to be unenforceable, the parties shall substitute an enforceable provision that, to the maximum extent possible, preserves the original intention and economic positions of the parties.

11. Controlling Law:

All questions as to the execution, validity, interpretation, construction, and performance of this contract shall be construed in accordance with the laws of the Commonwealth of Kentucky. Contractor consents to the jurisdiction of the Franklin Circuit Court located in Franklin County, Kentucky.

AUTHORIZED AGENT
CERS BOARD

DATE

| 

AUTHORIZED AGENT
W. ERIC BRANCO
JOHNSON BRANCO & BRENNAN, LLP

03/26/2024

DATE

FEE SCHEDULE

Description of Service	Amount
Attorney's Fees:	\$175.00/hour
Paralegal and Legal Assistant Fees:	\$50.00/hour
Postage:	Actual Cost
Copying:	\$0.15/page + Time for copying
Mileage (outside of Franklin County):	Current IRS mileage rate
Advanced Expenses:	Actual expenditures by firm.



MEMORANDUM

TO: County Employees Retirement System Board of Trustees

From: William O'Mara, Chair
Finance Committee

Date: June 9, 2025

Subject: Summary of Finance Committee Quarterly Meeting

The County Employees Retirement System held a regular meeting on May 19, 2025.

1. The following items were approved by the Finance Committee and are being forwarded to the County Employees Retirement System Board of Trustees for ratification*

- a. **Hazardous Duty Requests** – The Finance Committee considered a total of fifteen (15) requests for Hazardous Duty designation for positions in member organizations. After hearing the presentation from KPPA staff indicating staff had reviewed each request and determined that they meet the statutory guidelines for Hazardous coverage, the Finance Committee voted unanimously to approve each request.
- b. **FY 2026 Allocation of CERS Hybrid Percentage Between Non-HAZ and HAZ Plans** – The Finance Committee considered how to allocate the FY 2026 administrative budget percentage of 64.35% between the Non-HAZ and HAZ plans. The Committee determined the allocation should be based on the membership of those plans. Therefore, the Committee voted unanimously to attribute 59.15% to the non-HAZ plan, and 5.20% to the HAZ plan. The Committee seeks CERS Board ratification of that determination.

RECOMMENDATION: The Finance Committee requests the County Employees Retirement System Board of Trustees ratify the actions taken by the Finance Committee.

2. The following items were also discussed during the Finance Committee meeting:

- a. KPPA staff presented nine-month financial reports consisting of:
 - a. YTD Financial Spreadsheet
 - b. Administration Expense to Budget
 - c. Investment Expense to Budget
 - d. Contribution Report
 - e. Outstanding Invoice Report
 - f. Penalty Waiver Report
- b. The CFO made several pertinent observations concerning the financial position of the CERS funds comparing the nine-month fiscal year period consisting of the second half of 2024 and the first quarter of 2025. The fiduciary net position for the pension/insurance funds stood at approximately \$19.03 billion which was up over 4.27% from the year-over-year fiscal quarter 2024. The increase totals approximately \$780,000 in pension/insurance fund growth. This first quarter of 2025 represented a difficult time for the market; however, the CERS Trust continued to grow.

The member contributions were up approximately 5.41% over the nine-month period. The employer contribution; however, was down approximately 9.30%. There are three (3) reasons for the decrease in employer contributions: 1) CERS Board increase in the assumed rate of return from 6.25% to 6.50%; 2) the demographic factor actuarial reduction; and 3) the inherent contribution reduction associated with the 30-year funding plan adopted by the state legislature. The committee agreed to keep a focus on the employer contribution level going forward.

Additionally, over this period in 2024, CERS received approximately \$12 million in a Humana Gain Share Payment. This cycle, there was no gain share to be divided.

One area the Committee is focused on is the cash flow as a percentage of net assets. The industry benchmark would indicate that any system with a cash flow as a percentage of net assets that is below (3.0)% is a healthy plan. The CERS Non-HAZ pension percentage moved to (1.77)% during this cycle up from (.78)% in 2024. That represents almost a full percentage point and will continue to be an area of focus for the Committee.

***Board of Trustees Action Required**



KENTUCKY PUBLIC PENSIONS AUTHORITY

Ryan Barrow, Executive Director

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



To: County Employees Retirement System (CERS) – Finance Committee
From: Michael Lamb, KPPA, CFO
Date: May 19, 2025
Subject: FY 2026-Allocation of Administrative Expenses-CERS System and Plans

PURPOSE:

The purpose of this memo is to ask the CERS Finance Committee to approve the FY 2026 allocation of the CERS hybrid % between the CERS Nonhazardous and the CERS Hazardous plans, based on membership (as was done in the past), and forward that recommendation to the full CERS Board.

During the April 23, 2025 KPPA Board meeting, the KPPA Board did approve the FY 2026 Hybrid % for administrative expenses for CERS and KRS is as follows:

CERS 64.35% and KRS 35.65%.

For Reference: the PY (FY 2025) Hybrid % was: CERS 64.16% and KRS 35.84%.

Based on membership, the recommended allocation of the FY 2026 CERS hybrid % (of 64.35%) among the applicable plans is as follows:

CERS	Membership as of 6/30/2024	% of Membership	% of Admin Expenses
CERS Nonhazardous	263,522	91.92%	59.15%
CERS Hazardous	23,166	8.08%	5.20%
CERS Total	286,688	100%	64.35%

For informational Purposes the breakdown for FY 2025 was

CERS	Membership as of 6/30/2023	% of Membership	% of Admin Expenses
CERS Nonhazardous	255,055	91.95%	59.00%
CERS Hazardous	22,316	8.05%	5.16%
CERS Total	277,371	100%	64.16%

BACKGROUND:

In accordance with KRS 61.505 11(a), the Kentucky Public Pensions Authority (KPPA) Board has the responsibility of determining how to prorate, assign or allocate to County Employees Retirement System and to Kentucky Retirement Systems all expenses incurred by or on behalf of the KPPA.

The KPPA Board approves the Hybrid % for the CERS and the KRS but leaves the allocation among the individual plans of each system up to the Board of each system.

FY 2026 - KPPA ADMIN BUDGET - WORKING DRAFT - FOR DISCUSSION ONLY

ADMINISTRATIVE EXPENSES	FY 2025 Admin Budget	FY 2025 PROJECTED ACTUAL	FY 2026 DRAFT ADMIN BUDGET	Budget to Budget Difference Year to Year	% Change Budget vs Budget	FY 2026 DRAFT Budget to FY 2025 PROJECTED ACTUAL Difference	% Change FY2025 A to FY2026 B
PERSONNEL							
Subtotal	\$ 36,798,000	\$ 34,896,391	\$ 37,325,828	\$ 527,828	1.43%	\$ 2,429,438	6.96%
LEGAL CONTRACTS							
Subtotal	\$ 2,030,000	\$ 1,371,799	\$ 1,820,000	\$ (210,000)	-10.34%	\$ 448,201	32.67%
AUDITING							
Subtotal	\$ 300,000	\$ 242,216	\$ 200,000	\$ (100,000)	-33.33%	\$ (42,216)	-17.43%
ACTUARIAL SERVICES							
Subtotal	\$ 525,000	\$ 303,358	\$ 550,000	\$ 25,000	4.76%	\$ 246,642	81.30%
MEDICAL EXAMINERS / HEARING OFFICERS							
Subtotal	\$ 1,800,000	\$ 1,226,020	\$ 1,800,000	\$ -	0.00%	\$ 573,980	46.82%
OTHER PERSONNEL							
Subtotal	\$ 510,000	\$ 294,767	\$ 1,085,000	\$ 575,000	112.75%	\$ 790,233	268.09%
PERSONNEL TOTAL	\$ 41,963,000	\$ 38,334,551	\$ 42,780,828	\$ 817,828	1.95%	\$ 4,446,277	11.60%
OPERATIONAL							
RENTALS - BUILDING & EQUIPMENT							
Subtotal	\$ 1,175,000	\$ 1,014,506	\$ 1,199,500	\$ 24,500	2.09%	\$ 184,994	18.23%
INFORMATION TECHNOLOGY							
Subtotal	\$ 4,230,000	\$ 3,911,168	\$ 4,090,000	\$ (140,000)	-3.31%	\$ 178,832	4.57%
OTHER OPERATIONAL							
Subtotal	\$ 1,397,500	\$ 1,192,731	\$ 1,397,500	\$ -	0.00%	\$ 204,769	17.17%
OPERATIONAL TOTAL	\$ 6,802,501	\$ 6,118,406	\$ 6,687,000	\$ (115,501)	-1.70%	\$ 568,594	9.29%
ADMINISTRATIVE BUDGET SUBTOTAL	\$ 48,765,501	\$ 44,452,957	\$ 49,467,828	\$ 702,327	1.44%	\$ 5,014,871	11.28%
Unallocated Reserve	216,000		501,872	285,872	132.35%	\$ 501,872	#DIV/0!
ADMINISTRATIVE BUDGE AMOUNT	\$ 48,981,501	\$ 44,452,957	\$ 49,969,700	\$ 988,199	2.02%	\$ 5,516,743	12.41%

DRAFT



KENTUCKY PUBLIC PENSIONS AUTHORITY

Ryan Barrow, Executive Director

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



To: CERS Finance Committee

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

Date: May 19, 2025

Subject: Hazardous Position Classification

AGENCIES ARE REQUESTING HAZARDOUS DUTY COVERAGE FOR THE FOLLOWING POSITIONS:

<u>Agency</u>	<u>Position</u>	<u>Effective Date</u>
Louisville Jefferson County Metro Gov	Park Ranger	7/1/2025
Montgomery County Fire Protection	Firefighter EMT/ EMTA/ Paramedic	7/1/2025
Montgomery County Fire Protection	EMS Supervisor	7/1/2025
Montgomery County Fire Protection	Battalion Chief	7/1/2025
Montgomery County Fire Protection	Captain	7/1/2025
Montgomery County Fire Protection	Paramedic	7/1/2025
Montgomery County Fire Protection	EMT	7/1/2025
Montgomery County Fire Protection	Assistant Chief	7/1/2025
Montgomery County Fire Protection	Fire Marshal 1	7/1/2025
Montgomery County Fire Protection	Fire Chief	7/1/2025
Hardin County Fiscal Court	EMS Deputy Director	3/1/2025
City of Wilder	Paramedic	3/1/2025
City of Ashland	Assistant Chief of Police	2/1/2025
City of Ashland	Police Captain	3/1/2025
Madison County EMS	Advanced EMT (AEMT)	12/1/2024

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.

Combining Statement of Fiduciary Net Position

For the nine month period ending March 31, 2025, with Comparative Totals for the nine month period ending March 31, 2024 (\$ in Thousands) (Unaudited)

	Pension		Insurance		CERS Total	
	CERS Nonhazardous	CERS Hazardous	CERS Nonhazardous	CERS Hazardous	2025	2024
ASSETS						
CASH AND SHORT-TERM INVESTMENTS						
Cash Deposits	\$297	\$25	\$105	\$16	\$444	\$455
Short-term Investments	406,207	189,785	123,369	36,354	755,715	596,655
Total Cash and Short-term Investments	406,504	189,810	123,474	36,371	756,159	597,110
RECEIVABLES						
Accounts Receivable	52,880	23,842	4,147	1,861	82,729	108,065
Accounts Receivable - Investments	135,758	48,967	48,802	21,752	255,279	84,086
Total Receivables	188,638	72,808	52,949	23,613	338,008	192,150
INVESTMENTS, AT FAIR VALUE						
Core Fixed Income	1,318,263	469,725	488,966	228,383	2,505,337	1,731,897
Public Equities	4,511,404	1,609,683	1,660,866	785,150	8,567,104	9,474,557
Private Equities	613,323	217,402	237,194	131,993	1,199,911	1,276,737
Specialty Credit	2,060,729	727,333	773,622	367,948	3,929,632	3,536,392
Derivatives	(8)	0	(3)	(9)	(20)	306
Real Return	562,698	200,685	203,332	96,797	1,063,512	690,319
Real Estate	531,624	169,208	192,529	105,653	999,015	939,579
Total Investments, at Fair Value	9,598,032	3,394,036	3,556,507	1,715,917	18,264,492	17,649,787
Securities Lending Collateral Invested	279,685	100,211	90,114	42,964	512,975	323,341
CAPITAL/INTANGIBLE ASSETS						
Capital Assets	1,701	153	-	-	1,854	1,854
Intangible Assets	9,961	827	-	-	10,788	10,788
Accumulated Depreciation	(1,701)	(153)	-	-	(1,854)	(1,854)
Accumulated Amortization	(9,961)	(827)	-	-	(10,788)	(10,788)
Total Capital Assets	-	-	-	-	-	-
Total Assets	10,472,861	3,756,866	3,823,044	1,818,865	19,871,635	18,762,388
LIABILITIES						
Accounts Payable	5,136	1,017	(41)	9	6,121	7,240
Investment Accounts Payable	167,484	60,417	59,759	26,918	314,578	174,211
Securities Lending Collateral	279,685	100,211	90,114	42,964	512,975	323,341
Total Liabilities	452,306	161,645	149,833	69,891	833,675	504,791
Total Fiduciary Net Position Restricted	\$10,020,555	\$3,595,221	\$3,673,211	\$1,748,975	\$19,037,960	\$18,257,597

NOTE - Variance Explanation for changes greater than 10% and more than \$1 million.

Differences due to rounding, notes continued on next page.

- 1) *Short term investments are primarily comprised of cash on hand at the custodial bank, the variance in the balance is a result of the cash flows of each plan.*
- 2) *The decrease in Accounts Receivable is due to a decrease in the month end accrual for member and employer contributions.*
- 3) *The variance in Investment Accounts Receivable is primarily the result of pending trades.*
- 4) *The increase in Core Fixed Income is a result of additional funding.*
- 5) *The increase in Specialty Credit is a result of additional funding.*
- 6) *The increase in Real Return is a result of additional funding of new managers and favorable market conditions.*
- 7) *The variance is a result of the demand of the Securities Lending Program.*
- 8) *The decrease in Accounts Payable is due to a decrease in outstanding credit invoices.*
- 9) *The variance in Investment Accounts Payable is primarily the result of pending trades.*
- 10) *The variance is a result of the demand of the Securities Lending Program.*

Combining Statement of Changes In Fiduciary Net Position

For the nine month period ending March 31, 2025, with Comparative Totals for the nine month period ending March 31, 2024 (\$ in Thousands) (Unaudited)

	Pension		Insurance		CERS Total			
	CERS	CERS	CERS	CERS	2025	2024		
	Nonhazardous	Hazardous	Nonhazardous	Hazardous				
ADDITIONS								
Member Contributions	\$120,118	\$49,051	\$-	\$-	\$169,169	\$160,490	5.41%	
Employer Contributions	487,074	227,173	597	13,238	728,083	802,771	(9.30)%	
Pension Spiking Contributions	3	66	-	-	69	79	(11.85)%	
Health Insurance Contributions (HB1)	(47)	(44)	16,235	4,258	20,401	18,307	11.44%	1
Humana Gain Share Payment	-	-	-	-	-	12,082	(100.00)%	2
Medicare Drug Reimbursement	-	-	-	-	-	-		
Insurance Premiums	-	-	96	(237)	(142)	104	(235.65)%	
Retired Reemployed Healthcare	-	-	9,203	1,658	10,861	6,733	61.30%	3
Total Contributions	607,148	276,246	26,131	18,916	928,441	1,000,565		
INVESTMENT INCOME								
From Investing Activities								
Net Appreciation (Depreciation) in FV of Investments	312,140	108,223	106,187	51,431	577,981	1,387,364	(58.34)%	4
Interest/Dividends	234,326	83,744	86,060	40,800	444,930	405,496	9.72%	
Total Investing Activities Income (loss)	546,466	191,967	192,247	92,230	1,022,911	1,792,860		
Less: Investment Expense	47,815	16,376	17,879	9,175	91,245	85,108	7.21%	
Less: Performance Fees	19,497	6,594	6,952	3,677	36,719	25,622	43.31%	5
Net Income (loss) from Investing Activities	479,155	168,998	167,416	79,378	894,947	1,682,129		
From Securities Lending Activities								
Securities Lending Income	9,509	3,547	3,136	1,280	17,473	14,719		
Less: Securities Lending Borrower Rebates (Income)/Expense	8,454	3,155	2,778	1,129	15,516	12,957		
Less: Securities Lending Agent Fees	159	59	54	23	295	264		
Net Income from Securities Lending	896	333	304	128	1,662	1,497	11.00%	
Net Investment Income (loss)	480,051	169,331	167,720	79,507	896,609	1,683,627		
Total Additions	1,087,199	445,577	193,851	98,423	1,825,050	2,684,192		

Combining Statement of Changes In Fiduciary Net Position (continued)

For the nine month period ending March 31, 2025, with Comparative Totals for the nine month period ending March 31, 2024 (\$ in Thousands) (Unaudited)

	Pension		Insurance		CERS Total	
	CERS Nonhazardous	CERS Hazardous	CERS Nonhazardous	CERS Hazardous	2025	2024
DEDUCTIONS						
Benefit Payments	747,182	282,867	-	-	1,030,049	957,400
Refunds	17,732	5,655	-	-	23,387	25,514
Administrative Expenses	19,356	1,693	689	393	22,132	22,096
Healthcare Premiums Subsidies	-	-	101,773	78,084	179,858	159,527
Self Funded Healthcare Costs	-	-	4,072	375	4,447	2,408
Excise Tax	-	-	-	-	-	7
Total Deductions	784,270	290,216	106,534	78,852	1,259,872	1,166,952
Net Increase (Decrease) in Fiduciary Net Position						
Restricted for Pension Benefits	302,929	155,361	87,317	19,571	565,178	1,517,240
Total Fiduciary Net Position Restricted for Pension Benefits						
Beginning of Period	9,717,626	3,439,860	3,585,894	1,729,403	18,472,784	16,740,356
End of Period	\$10,020,555	\$3,595,221	\$3,673,211	\$1,748,974	\$19,037,961	\$18,257,596

7.59%

(8.34)%

0.16%

12.74%

84.63%

6

7

4.27%

NOTE - Variance Explanation for changes greater than 10% and more than \$1 million.**Differences due to rounding.**

1) Health Insurance Contributions will continue to increase as Tier 2 and Tier 3 members increase.

2) The Humana Gain Share payment will fluctuate year to year based on claims paid.

3) Retired Reemployed Healthcare contributions increased due to an increase in retired reemployed members in CERS Nonhazardous and CERS Hazardous.

4) The decrease in Net Appreciation in Fair Value of Investments is the result of less than favorable market conditions largely from Public Equities and Specialty Credit.


5) The increase in performance fees is a result of gains from the Private Equity, Real Estate and Real Return asset classes.


6) Healthcare Premiums Subsidies increased due to an increase in premiums paid for 65 and older retirees.

7) Self Funded Healthcare Costs increased due to an increase in reimbursements for claims on self funded retirees.

CERS Contribution Report

For the nine month period ending March 31, 2025, with comparative totals for the nine month period ending March 31, 2024 (\$ in Millions)

 CERS County Employees Retirement System	County Employees Retirement System			
	Nonhazardous		Hazardous	
	Pension			
	FY25	FY24	FY25	FY24
Member Contributions	\$120.1	\$115.5	\$49.0	\$44.9
Employer Contributions	487.1	550.2	227.2	235.0
Net Investment Income	167.9	155.0	61.1	55.4
Total Inflows	775.1	820.7	337.3	335.3
Benefit Payments/Refunds	764.9	720.7	288.5	262.2
Administrative Expenses	19.4	19.3	1.7	1.7
Total Outflows	784.3	740.0	290.2	263.9
NET Contributions	(9.2)	80.7	47.1	71.4
Realized Gain/(Loss)	328.2	99.4	115.9	35.3
Unrealized Gain/(Loss)	(16.1)	623.1	(7.7)	220.2
Change in Net Position	302.9	803.2	155.3	326.9
Beginning of Period	9,717.6	8,781.4	3,439.9	3,055.8
End of Period	\$10,020.5	\$9,584.6	\$3,595.2	\$3,382.7
Net Contributions less Net Investment Income	(\$177.1)	(\$74.3)	(\$14.0)	\$16.0
Cash Flow as % of Net Assets	(1.77)%	(0.78)%	(0.39)%	0.47%
Net Investment Income	\$167.9	\$155.0	\$61.1	\$55.4
Yield as % of Net Assets	1.68%	1.62%	1.70%	1.64%

 CERS County Employees Retirement System	County Employees Retirement System			
	Nonhazardous		Hazardous	
	Insurance			
	FY25	FY24	FY25	FY24
Employer Contributions	\$0.6	\$2.5	\$13.2	\$15.2
Insurance Premiums	0.1	0.3	(0.2)	(0.1)
Humana Gain Share	0.0	10.4	0.0	1.6
Retired Reemployed Healthcare	9.2	5.2	1.7	1.5
Health Insurance Contributions	16.2	14.7	4.2	3.7
Net Investment Income	61.5	58.6	28.1	27.2
Total Inflows	87.6	91.7	47.0	49.1
Healthcare Premiums	105.8	88.1	78.5	73.8
Administrative Expenses	0.7	0.7	0.4	0.4
Total Outflows	106.5	88.8	78.9	74.2
NET Contributions	(18.9)	2.9	(31.9)	(25.1)
Realized Gain/(Loss)	129.7	54.0	64.2	27.8
Unrealized Gain/(Loss)	(23.5)	221.8	(12.8)	105.6
Change in Net Position	87.3	278.7	19.5	108.3
Beginning of Period	3,585.9	3,289.5	1,729.4	1,613.6
End of Period	\$3,673.2	\$3,568.2	\$1,748.9	\$1,721.9
Net Contributions less Net Investment Income	(\$80.4)	(\$55.8)	(\$60.0)	(\$52.3)
Cash Flow as % of Net Assets	(2.19)%	(1.56)%	(3.43)%	(3.04)%
Net Investment Income	\$61.5	\$58.6	\$28.1	\$27.2
Yield as % of Net Assets	1.67%	1.64%	1.61%	1.58%



CERS Outstanding Invoices by Type and Employer

Invoice Type	3/31/2025	12/31/2024	Change H/(L)
Averaging Refund to Employer	\$(203,230)	\$(413,159)	-51%
Employer Free Military and Decompression Service	-	31,715	-100%
Member Pension Spiking Refund	(844)	(6,629)	(87)%
Monthly Reporting Invoice	296,004	102,716	188%
Penalty – Monthly Reporting	149,000	144,000	3%
Reinstatement	171,358	171,358	0%
Other Invoices**	3,649	4,160	(12)%
Total	415,937	34,161	
Health Insurance Reimbursement	269,138	216,203	24%
Omitted Employer	1,093,872	1,254,781	(13)%
Employer Pension Spiking*	421,389	719,035	(41)%
Standard Sick Leave	17,306	38,910	(56)%
Total	1,801,706	2,228,928	(19)%
Grand Total	\$2,217,643	\$2,263,089	(2)%

*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.

**Other Invoices include Expense Allowance; Expired Post Pending; Personnel Adjustment; and, Refunded Member Contributions Due.

Employer Name (Top Ten)	3/31/2025	12/31/2024	Change H/(L)
Kentucky River Regional Jail***	\$973,164	\$973,164	0%
City of Covington***	416,258	425,803	-2%
Elliott County Ambulance Service	226,079	108,316	109%
City of Taylor Mill	143,227	143,227	0%
City of Jeffersonstown***	128,929	125,755	3%
Bullitt County Fiscal Court	74,194	74,194	0%
Adair County Board of Education	42,737	(1,722)	2581%
Butler County Attorney	40,000	40,000	0%
Carroll County Board of Education	39,817	(547)	7385%
City of Cave City	\$39,782	\$41,894	-5%

***Indicates invoices turned over to Legal for further action

	Total Unpaid Balance	Invoice Count
CERS	\$1,593,752	576
CERH	623,891	50
Grand Total:	\$2,217,643	626



CERS Past Due Invoices as of March 31, 2025

	Past Due Buckets							Total Past Due	Count
	0-90 days	91-180 days	181-360 days	1-2 years	2-3 years	3-5 years	over 5 years		
CERS TOTAL	\$(32,829)	\$(1,395)	\$140,201	\$175,962	\$28,688	\$818,251	\$818,159	\$1,947,037	652
KENTUCKY RIVER REGIONAL JAIL ***	-	-	79,271	-	-	748,970	144,923	973,164	67
Omitted Employer	-	-	79,271	-	-	748,970	143,929	972,170	65
Penalty - Monthly Reporting	-	-	-	-	-	-	1,000	1,000	1
Monthly Reporting Invoice	-	-	-	-	-	-	(6)	(6)	1
CITY OF COVINGTON ***	-	-	-	-	-	-	381,495	381,495	13
Pension Spiking	-	-	-	-	-	-	194,927	194,927	10
Reinstatement	-	-	-	-	-	-	171,358	171,358	1
Monthly Reporting Invoice	-	-	-	-	-	-	15,210	15,210	2
ELLIOTT COUNTY AMBULANCE SERVICE	126,913	2,000	51,642	25,000	-	508	10,656	216,719	57
Monthly Reporting Invoice	70,974	-	-	-	-	-	(185)	70,789	3
Health Insurance Reimbursement	55,784	-	-	-	-	-	2,128	57,913	5
Omitted Employer	155	-	42,642	-	-	63	1,713	44,572	5
Penalty - Monthly Reporting	-	2,000	9,000	25,000	-	-	7,000	43,000	43
Pension Spiking	-	-	-	-	-	446	-	446	1
CITY OF TAYLOR MILL	-	-	-	143,227	-	-	-	143,227	1
Monthly Reporting Invoice	-	-	-	143,227	-	-	-	143,227	1
CITY OF JEFFERSONTOWN ***	-	-	-	-	-	-	128,128	128,128	13
Pension Spiking	-	-	-	-	-	-	128,128	128,128	13
BULLITT COUNTY FISCAL COURT	-	-	-	-	10,025	64,169	-	74,194	2
Monthly Reporting Invoice	-	-	-	-	10,025	64,169	-	74,194	2
ADAIR COUNTY BOARD OF EDUCATION	42,742	-	-	-	-	-	-	42,742	2
Health Insurance Reimbursement	42,791	-	-	-	-	-	-	42,791	1
Monthly Reporting Invoice	(48)	-	-	-	-	-	-	(48)	1
BUTLER COUNTY ATTORNEY	-	-	1,000	-	9,000	22,000	8,000	40,000	40
	-	-	1,000	-	9,000	22,000	8,000	40,000	40



CERS Past Due Invoices as of March 31, 2025 (Cont.)

	Past Due Buckets							Total Past Due	Count
	0-90 days	91-180 days	181-360 days	1-2 years	2-3 years	3-5 years	over 5 years		
CERS TOTAL	\$(32,829)	\$(1,395)	\$140,201	\$175,962	\$28,688	\$818,251	\$818,159	\$1,947,037	652
CITY OF CAVE CITY	-	5,780	29,114	3,979	-	-	-	38,873	7
Monthly Reporting Invoice	-	4,871	15,954	3,979	-	-	-	24,804	3
Health Insurance Reimbursement	-	909	13,160	-	-	-	-	14,069	4
CITY OF CLARKSON	-	-	-	-	-	-	37,969	37,969	3
Health Insurance Reimbursement	-	-	-	-	-	-	25,409	25,409	1
Monthly Reporting Invoice	-	-	-	-	-	-	12,560	12,560	2
JUDICIAL DEPARTMENT ADMINISTRATIVE OFFICE OF THE COURTS	21,248	-	-	-	-	-	48	21,296	3
Health Insurance Reimbursement	21,265	-	-	-	-	-	-	21,265	1
Refunded Member Contribution Due	-	-	-	-	-	-	48	48	1
Member Pension Spiking Refund	(17)	-	-	-	-	-	-	(17)	1
HARLAN COUNTY FISCAL COURT	-	-	-	-	-	-	20,615	20,615	1
Pension Spiking	-	-	-	-	-	-	20,615	20,615	1
ALL OTHER CERS EMPLOYERS	(223,733)	(9,175)	(20,826)	3,757	9,663	(17,396)	86,324	(171,387)	443
Health Insurance Reimbursement	52,806	8,245	6,545	8,603	1,768	-	-	77,966	49
Penalty - Monthly Reporting	18,000	4,000	2,000	8,000	3,000	11,000	18,000	64,000	64
Omitted Employer	44,951	26	4,700	-	-	1,138	1,684	52,498	25
Pension Spiking	-	-	-	-	-	-	33,375	33,375	7
Standard Sick Leave	21,673	11,219	-	-	-	-	-	32,892	8
Expense Allowance	3,725	296	-	482	-	-	-	4,503	21
Expired Post Pending Invoice	-	-	-	-	-	-	378	378	6
Personnel Adjustment	-	-	216	-	-	-	(732)	(516)	5
Member Pension Spiking Refund	(810)	(169)	-	(459)	-	(14)	(244)	(1,696)	14
Monthly Reporting Invoice	(66,507)	(23,215)	1,330	(7,928)	8,153	(29,520)	33,863	(83,825)	211
IPS Employer Refund	(25,822)	-	-	-	-	-	-	(25,822)	1
Averaging Refund to Employer	(271,748)	(9,577)	(35,617)	(4,941)	(3,257)	-	-	(325,141)	32



County Employees Retirement System
Penalty Invoices Report

From: 1/1/2025 To: 3/31/2025

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	\$-	\$-	1/3/2025	4/7/2013	CANC	Libraries	Contributions were submitted timely.
1,000	-	-	1/3/2025	4/24/2015	CANC	Libraries	Contributions were submitted timely.
1,000	-	-	1/3/2025	5/4/2016	CANC	Libraries	Contributions were submitted timely.
1,000	-	-	1/23/2025	1/10/2021	CANC	Libraries	Pandemic issues
1,000	-	-	1/23/2025	1/10/2021	CANC	Libraries	Pandemic issues
1,000	-	-	1/23/2025	1/10/2021	CANC	Libraries	Pandemic issues
1,000	-	-	1/23/2025	1/13/2021	CANC	Libraries	Pandemic issues
1,000	-	-	2/4/2025	10/30/2024	CANC	Housing Authorities	Employer in good standing with KPPA.
1,000	-	-	1/15/2025	11/15/2024	CANC	Boards of Education	Due to circumstances outside of employer's control.
1,000	-	-	2/19/2025	2/1/2025	CANC	Conservation Districts	New Employer Reporting Official and KPPA issues.
1,000	-	-	2/19/2025	2/1/2025	CANC	Conservation Districts	New Employer Reporting Official and KPPA issues.
1,000	-	-	2/19/2025	2/1/2025	CANC	Conservation Districts	New Employer Reporting Official and KPPA issues.
1,000	-	-	2/19/2025	2/1/2025	CANC	Conservation Districts	New Employer Reporting Official and KPPA issues.
1,000	-	-	2/19/2025	2/1/2025	CANC	Conservation Districts	New Employer Reporting Official and KPPA issues.
1,000	-	-	2/19/2025	2/1/2025	CANC	Conservation Districts	New Employer Reporting Official and KPPA issues.
1,000	-	-	2/19/2025	2/1/2025	CANC	Conservation Districts	New Employer Reporting Official and KPPA issues.
1,000	-	-	2/19/2025	2/1/2025	CANC	Conservation Districts	New Employer Reporting Official and KPPA issues.
1,000	-	-	2/19/2025	2/1/2025	CANC	Conservation Districts	New Employer Reporting Official and KPPA issues.
1,000	-	-	2/19/2025	2/1/2025	CANC	Conservation Districts	New Employer Reporting Official and KPPA issues.
1,000	-	-	3/7/2025	3/21/2025	CANC	Special Districts & Boards	Employer in good standing with KPPA.
1,000	-	-	1/3/2025	2/4/2012	CANC	Libraries	Contributions were submitted timely.
1,000	-	-	3/27/2025	3/8/2012	CANC	Fiscal Courts	Contributions were submitted timely.
Total	\$22,000	\$-	\$-				
\$1,000	\$1,000	\$-	\$45,667	2/9/2025	CRTD	County Attorneys	
1,000	1,000	-	45,672	2/14/2025	CRTD	Cities	
1,000	1,000	-	45,673	2/15/2025	CRTD	Cities	
1,000	1,000	-	45,674	2/16/2025	CRTD	Cities	
1,000	1,000	-	45,674	2/16/2025	CRTD	Special Districts & Boards	
1,000	1,000	-	45,678	2/20/2025	CRTD	Cities	



County Employees Retirement System
Penalty Invoices Report

From: 1/1/2025 To: 3/31/2025

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	1,000	-	45,678	2/20/2025	CRTD	Cities	
1,000	1,000	-	45,678	2/20/2025	CRTD	Cities	
1,000	1,000	-	45,678	2/20/2025	CRTD	Cities	
1,000	1,000	-	45,678	2/20/2025	CRTD	Cities	
1,000	1,000	-	45,679	2/21/2025	CRTD	Cities	
1,000	1,000	-	45,679	2/21/2025	CRTD	Cities	
1,000	1,000	-	45,701	3/15/2025	CRTD	Housing Authorities	
1,000	1,000	-	45,722	4/5/2025	CRTD	Cities	
1,000	1,000	-	45,723	4/6/2025	CRTD	Housing Authorities	
1,000	1,000	-	45,734	4/17/2025	CRTD	Fiscal Courts	
1,000	1,000	-	45,747	4/30/2025	CRTD	Libraries	
1,000	1,000	-	45,747	4/30/2025	CRTD	Housing Authorities	
Total	\$18,000	\$18,000	\$-				
\$1,000	\$-	\$-	1/6/2025	9/19/2014	PAID	Libraries	
1,000	-	-	1/9/2025	12/30/2016	PAID	Conservation Districts	
1,000	-	-	1/15/2025	11/24/2017	PAID	Planning Commissions	
1,000	-	-	1/29/2025	6/5/2020	PAID	Conservation Districts	
1,000	-	-	1/6/2025	12/6/2020	PAID	Libraries	
1,000	-	-	1/9/2025	9/4/2021	PAID	Cities	
1,000	-	-	1/6/2025	12/17/2021	PAID	Libraries	
1,000	-	-	1/9/2025	6/2/2022	PAID	Conservation Districts	
1,000	-	-	3/7/2025	8/21/2022	PAID	Conservation Districts	
1,000	-	-	1/29/2025	10/14/2022	PAID	Conservation Districts	
1,000	-	-	1/29/2025	10/14/2022	PAID	Conservation Districts	
1,000	-	-	1/6/2025	6/16/2023	PAID	Libraries	
1,000	-	-	1/22/2025	2/3/2024	PAID	Fiscal Courts	
1,000	-	-	1/2/2025	2/7/2024	PAID	Cities	
1,000	-	-	1/2/2025	2/7/2024	PAID	Cities	



County Employees Retirement System
Penalty Invoices Report

From: 1/1/2025 To: 3/31/2025

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	\$-	\$-	1/2/2025	2/7/2024	PAID	Cities	
1,000	-	-	1/29/2025	3/17/2024	PAID	Conservation Districts	
1,000	-	-	1/2/2025	4/17/2024	PAID	Cities	
1,000	-	-	1/10/2025	11/15/2024	PAID	Cities	
1,000	-	-	1/2/2025	12/12/2024	PAID	Cities	
1,000	-	-	1/2/2025	12/13/2024	PAID	Libraries	
1,000	-	-	1/2/2025	12/18/2024	PAID	Cities	
1,000	-	-	1/20/2025	12/20/2024	PAID	Cities	
1,000	-	-	1/8/2025	1/1/2025	PAID	Cities	
1,000	-	-	3/3/2025	1/4/2025	PAID	Fiscal Courts	
1,000	-	-	3/3/2025	1/4/2025	PAID	Fiscal Courts	
1,000	-	-	3/3/2025	1/4/2025	PAID	Fiscal Courts	
1,000	-	-	3/3/2025	1/4/2025	PAID	Fiscal Courts	
1,236	-	-	1/15/2025	1/17/2025	PAID	Cities	
1,000	-	-	1/20/2025	1/19/2025	PAID	Cities	
1,000	-	-	1/27/2025	1/19/2025	PAID	Cities	
1,000	-	-	1/13/2025	1/26/2025	PAID	Fiscal Courts	
1,000	-	-	2/5/2025	2/12/2025	PAID	Fiscal Courts	
1,000	-	-	2/3/2025	2/15/2025	PAID	Ambulance Services	
1,000	-	-	2/20/2025	2/19/2025	PAID	Cities	
1,000	-	-	45,695	2/26/2025	PAID	Cities	
1,000	-	-	2/5/2025	2/27/2025	PAID	Libraries	
1,000	-	-	3/7/2025	3/7/2025	PAID	Fiscal Courts	
1,000	-	-	45,722	3/21/2025	PAID	Parks and Recreation	
1,000	-	-	3/10/2025	3/21/2025	PAID	Development Authorities	
1,000	-	-	3/13/2025	3/22/2025	PAID	Cities	
1,000	-	-	3/10/2025	3/23/2025	PAID	Cities	
1,000	-	-	3/3/2025	3/26/2025	PAID	Conservation Districts	
1,000	-	-	3/10/2025	3/27/2025	PAID	Cities	
1,000	-	-	3/31/2025	4/4/2025	PAID	Libraries	



County Employees Retirement System
Penalty Invoices Report

From: 1/1/2025 To: 3/31/2025

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
Total	\$45,236	\$-	\$-					

Notes:

Invoice Status:

CANC - Cancelled

CRTD - Created

PAID - Paid

KPPA ADMINISTRATIVE BUDGET FY 2024-2025 BUDGET-TO-ACTUAL SUMMARY ANALYSIS

FOR THE NINE MONTHS ENDING MARCH 31, 2025, WITH COMPARATIVE TOTALS FOR THE NINE MONTHS ENDING MARCH 31, 2024

CATEGORY	BUDGETED	FY 2025 EXPENSE	REMAINING	PERCENT REMAINING	FY 2024 EXPENSE	PERCENT DIFFERENCE
PERSONNEL	\$36,798,000	\$26,147,479	\$10,650,521	28.94%	\$25,858,602	1.12%
LEGAL CONTRACTS	2,030,000	1,069,482	960,518	47.32%	779,621	37.18%
AUDITING	300,000	201,847	98,153	32.72%	214,821	(6.04)%
ACTUARIAL SERVICES	525,000	233,965	291,035	55.44%	321,537	(27.24)%
MEDICAL REVIEWERS	1,800,000	833,310	966,690	53.71%	1,010,185	(17.51)%
OTHER PERSONNEL	510,000	229,389	280,611	55.02%	184,905	24.06%
PERSONNEL TOTAL	\$41,963,000	\$28,715,472	\$13,247,529	31.57%	\$28,369,671	1.22%
RENTALS - BUILDING & EQUIPMENT	1,175,000	764,786	410,214	34.91%	787,588	(2.90)%
INFORMATION TECHNOLOGY	4,230,000	2,523,824	1,706,176	40.34%	2,160,976	16.79%
OTHER OPERATIONAL	1,397,500	944,429	453,071	32.42%	862,753	9.47%
OPERATIONAL TOTAL	\$6,802,500	\$4,233,039	\$2,569,461	37.77%	\$3,811,317	11.06%
RESERVE	216,000	-	216,000	100.00%	-	0.00%
ADMINISTRATIVE BUDGETED AMOUNT	\$48,981,500	\$32,948,510	\$16,032,990	32.73%	\$32,180,988	2.39%

Administrative Budget Summary Notes

Through the 3rd Quarter KPPA has spent just over \$26.1 million which is just over 70% of the budget (leaving nearly 29%) to spend in the 4th Quarter and keeping us on track to be under budget for this overall category at year end.

Within this category one line item is at risk of being over budget. The employer paid health insurance has a budget of \$2.875 million, and we have spent \$2.3 million (or 80% of the budget) as of March 31. I anticipate this line item being about \$225k over budget at year-end, attributed to increased premiums.

Furthermore, for the salaries line item, the Personnel cabinet did significantly adjust the salaries for some IT related positions during the 4th quarter of FY 2025. In addition, they are continuing to evaluate other IT related positions with more increases to follow in FY 2026. The OSBD did add an additional \$110k in the 4th quarter to help offset these costs in this line item, which will allow KPPA to stay under budget for the year.

PERSONNEL (Staffing):

We have spent nearly 53% of the legal admin budget and have 47% remaining for the final quarter. This overall category will remain underbudget for the year.

The budget for Dentons was \$50k and we have spent \$90k through March, so that specific line item will be over budget, but within the entire legal category, we have significant capacity to absorb and stay under budget.

LEGAL CONTRACTS:

AUDITING:

This will be underbudget for the fiscal year.

ACTUARIAL, MEDICAL, AND OTHER PERSONNEL:

All are below budget and will finish under budget for the fiscal year.

Overall Operational total is also under budget and will remain overall underbudget for the fiscal year.

OPERATIONAL TOTAL:

A few line items in this category will likely be overbudget including equipment maintenance (climate control in the server room); MISC. (JPM bank fees from FYE 2024, were not paid until FY 2025).

KPPA ADMINISTRATIVE BUDGET FY 2024-2025						
BUDGET-TO-ACTUAL ANALYSIS						
FOR THE NINE MONTHS ENDING MARCH 31, 2025, WITH COMPARATIVE TOTALS FOR THE NINE MONTHS ENDING MARCH 31, 2024						
Account Name	Budgeted	FY 2025 Expense	Remaining	Percent Remaining	FY 2024 Expense	Percent Difference
PERSONNEL						
Staff						
Salaries/Wages	\$21,138,000	\$15,132,976	\$6,005,024	28.41%	\$13,638,615	10.96%
Wages (Overtime)	310,000	142,865	167,135	53.91%	196,292	(27.22)%
Emp Paid FICA	1,641,000	1,095,995	545,005	33.21%	991,048	10.59%
Emp Paid Retirement	10,511,000	7,352,647	3,158,353	30.05%	8,930,095	(17.66)%
Emp Paid Health Ins	2,875,000	2,316,423	558,577	19.43%	2,038,424	13.64%
Emp Paid Sick Leave	250,000	81,740	168,260	67.30%	40,221	103.23%
Adoption Assistance Benefit	10,000	-	10,000	100.00%	-	0.00%
Escrow for Admin Fees	-	-	-	100.00%	-	0.00%
Workers Compensation	15,000	12,485	2,515	16.76%	11,116	12.32%
Unemployment	10,000	2,007	7,993	79.93%	3,339	100.00%
Emp Paid Life Ins	3,000	2,315	685	22.83%	2,261	2.39%
Employee Training	25,000	8,027	16,973	67.89%	8,191	(2.00)%
Tuition Assistance	10,000	-	10,000	100.00%	-	0.00%
Bonds	-	-	-	0.00%	-	0.00%
Staff Subtotal	36,798,000	26,147,479	10,650,521	28.94%	25,859,602	1.11%
LEGAL & AUDITING SERVICES						
Legal Hearing Officers	270,000	127,773	142,227	52.68%	182,706	(30.07)%
Legal (Stoll, Keenon)	250,000	-	250,000	100.00%	8,201	(100.00)%
Frost Brown	1,000,000	459,094	540,906	54.09%	364,810	25.84%
Reinhart	50,000	-	50,000	100.00%	-	0.00%
Ice Miller	300,000	210,966	89,034	29.68%	164,670	28.11%
Johnson, Bowman, Branco LLC	100,000	89,891	10,109	10.11%	55,788	61.13%
Dentons Bingham & Greenbaum	50,000	85,523	(35,523)	(71.05)%	3,445	0.00%
Legal Expense	10,000	96,235	(86,235)	(862.35)%	-	100.00%
Auditing	300,000	201,847	98,153	32.72%	214,821	100.00%
Total Legal & Auditing Services	2,330,000	1,271,329	1,058,671	45.44%	994,440	27.84%
CONSULTING SERVICES						
Medical Reviewers	1,800,000	833,310	966,690	53.71%	1,010,185	(17.51)%
Escrow for Actuary Fees	-	-	-	0.00%	(500)	0.00%
Total Consulting Services	1,800,000	833,310	966,690	53.71%	1,009,685	(17.47)%
CONTRACTUAL SERVICES						
Miscellaneous Contracts	425,000	188,477	236,523	55.65%	157,870	19.39%
Human Resources Consulting	10,000	-	10,000	100.00%	-	0.00%
Actuarial Services	525,000	233,965	291,035	55.44%	321,537	0.00%
Facility Security Charges	75,000	40,912	34,088	45.45%	27,536	48.58%
Contractual Subtotal	1,035,000	463,354	571,646	55.23%	506,942	(8.60)%
PERSONNEL SUBTOTAL	\$41,963,000	\$28,715,471	\$13,247,528	31.57%	\$28,369,671	1.22%
OPERATIONAL						
Natural Gas	45,000	25,889	19,111	42.47%	21,555	20.11%
Electric	130,000	89,379	40,621	31.25%	83,797	6.66%
Rent-Non State Building	80,000	-	80,000	100.00%	-	0.00%
Building Rental - PPW	1,000,000	721,476	278,524	27.85%	721,477	(0.00)%
Copier Rental	90,000	38,747	51,253	56.95%	62,701	(38.20)%
Rental Carpool	5,000	4,563	437	8.74%	3,409	33.85%
Vehicle/Equip. Maint.	1,300	21,048	(19,748)	(1519.05)%	-	0.00%

KPPA ADMINISTRATIVE BUDGET 2024-25						
BUDGET-TO-ACTUAL ANALYSIS						
FOR THE NINE MONTHS ENDING MARCH 31, 2025, WITH COMPARATIVE TOTALS FOR THE NINE MONTHS ENDING MARCH 31, 2024						
Account Name	Budgeted	FY 2025 Expense	Remaining	Percent Remaining	FY 2024 Expense	Percent Difference
Postage	450,000	277,435	172,565	38.35%	450,123	(38.36)%
Freight	200	-	200	100.00%	-	0.00%
Printing (State)	15,000	50	14,950	99.67%	200	100.00%
Printing (non-state)	85,000	78,291	6,709	7.89%	26,523	0.00%
Insurance	7,500	12,692	(5,192)	(69.23)%	5,090	149.35%
Garbage Collection	7,000	4,939	2,061	29.44%	5,037	(1.95)%
Conference Expense	45,000	32,975	12,025	26.72%	25,851	27.56%
Conference Exp. Investment	2,000	-	2,000	100.00%	-	0.00%
Conference Exp. Audit	3,000	644	2,356	78.53%	-	0.00%
MARS Usage	50,000	44,033	5,967	11.93%	20,325	116.64%
COVID-19 Expenses	-	-	-	0.00%	-	0.00%
Office Supplies	90,000	37,562	52,438	58.26%	29,719	26.39%
Furniture & Office Equipment	30,000	2,474	27,526	91.75%	-	100.00%
Travel (In-State)	15,500	7,056	8,444	54.48%	9,380	(24.78)%
Travel (In-State) Investment	-	-	-	0.00%	-	0.00%
Travel (In-State) Audit	1,000	-	1,000	100.00%	-	0.00%
Travel (Out of State)	77,000	44,976	32,024	41.59%	32,019	40.47%
Travel (Out of State) Investment	135,000	9,160	125,840	93.22%	14,535	(36.98)%
Travel (Out of State) Audit	3,000	-	3,000	100.00%	-	0.00%
Dues & Subscriptions	69,000	56,201	12,799	18.55%	44,857	25.29%
Dues & Subscriptions Invest	15,000	6,360	8,640	57.60%	14,321	(55.59)%
Dues & Subscriptions Audit	1,000	805	195	19.50%	380	0.00%
Miscellaneous	55,000	71,670	(16,670)	(30.31)%	17,571	307.89%
Miscellaneous Investment	-	-	-	0.00%	90	0.00%
Miscellaneous Audit	-	-	-	0.00%	-	0.00%
COT Charges	40,000	12,852	27,148	67.87%	12,195	5.39%
Telephone - Wireless	10,000	5,733	4,267	42.67%	6,308	(9.12)%
Telephone - Other	90,000	156,170	(66,170)	(73.52)%	68,150	129.16%
Telephone - Video Conference	15,000	2,921	12,079	80.52%	7,249	100.00%
Computer Equip./Software	4,120,000	2,466,939	1,653,061	40.12%	2,128,456	15.90%
Comp. Equip./Software Invest	-	-	-	0.00%	-	0.00%
Comp. Equip./Software Audit	20,000	-	20,000	100.00%	-	0.00%
OPERATIONAL SUBTOTAL	\$6,802,500	\$4,233,039	\$2,569,461	37.77%	\$3,811,317	11.06%
SUB-TOTAL	\$48,765,500	\$32,948,509	\$15,816,989	32.43%	\$32,180,988	2.39%
Reserve	216,000	-	216,000	100.00%	-	0.00%
TOTAL	\$48,981,500	\$32,948,510	\$16,032,990	32.73%	\$32,180,988	2.39%
<i>Differences due to rounding</i>						

Plan	Budgeted	FY 2025 Expense	% of Total KPPA FY 2025 Expense
CERS Nonhazardous	\$28,899,085	\$19,439,621	59.00%
CERS Hazardous	2,527,445	1,700,143	5.16%
KERS Nonhazardous	15,436,030	10,383,394	31.514%
KERS Hazardous	1,771,661	1,191,748	3.617%
SPRS	347,279	233,605	0.709%
TOTAL	\$48,981,500	\$32,948,510	100.00%

JP MORGAN CHASE CREDIT EARNINGS AND FEES			
FOR THE FISCAL YEAR ENDING JUNE 30, 2025			
	Earnings	Fees	Net Earnings
July-24	\$-	\$(7,337)	\$(7,337)
August-24	-	(7,646)	\$(7,646)
September-24	-	(7,733)	\$(7,733)
October-24	-	(6,919)	\$(6,919)
November-24	-	(6,823)	\$(6,823)
December-24	-	(7,572)	\$(7,572)
January-25	-	(6,951)	\$(6,951)
February-25	-	(8,043)	\$(8,043)
March-25	-	(7,814)	\$(7,814)
April-25			\$-
May-25			\$-
June-25			\$-
Total	\$-	\$(66,838)	\$(66,838)

JP MORGAN CHASE HARD INTEREST EARNED					
FOR THE FISCAL YEAR ENDING JUNE 30, 2025					
	Clearing Account	CERS	KERS	SPRS	Total
July-24	\$25,823	\$15,119	\$7,930	\$348	\$49,220
August-24	27,262	20,476	10,633	1,081	\$59,451
September-24	34,046	16,441	8,353	262	\$59,101
October-24	15,627	13,684	7,931	330	\$37,572
November-24	14,694	12,366	9,711	249	\$37,021
December-24	20,158	18,973	11,170	655	\$50,957
January-25	10,681	14,775	8,462	202	\$34,120
February-25	27,295	15,519	8,994	599	\$52,407
March-25	27,493	13,787	6,576	227	\$48,083
April-25					\$-
May-25					\$-
June-25					\$-
Total	\$203,079	\$141,140	\$79,761	\$3,952	\$427,931



KENTUCKY PUBLIC PENSIONS AUTHORITY

Ryan Barrow, Executive Director

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TO: Members of the CERS Board of Trustees

FROM: Joint CERS & KRS Retiree Health Plan Committee

DATE: June 9, 2025

SUBJECT: Joint CERS & KRS Retiree Health Plan Committee Report

The Joint CERS & KRS Retiree Health Plan Committee met on Wednesday, May 14, 2025. The Committee elected Keith Peercy (KRS) as Chair and Dr. Crystal Miller (KRS) as Vice-Chair. Humana provided a presentation on Plan Performance for 2024, the Centers for Medicare and Medicaid Services (CMS) Final Notice for 2026 plan year, Gain Share, and Performance Guarantees.

The 2024 Plan Performance showed that the Premium Plan medical and pharmacy claims costs increased 5% and 5.2%, respectively. The Essential Plan saw a 5.4% and 20.3% increase in medical and pharmacy claims costs, respectively. The data also showed that member participation increased for Health Alerts, Preventative Services, and Silver Sneakers engagement in 2024. Humana is currently meeting all performance guarantees based on the quarterly reporting.

The CMS Final Notice indicates the CMS net payment will be on average a 5.06% increase. The utilization of the MA plans has increased in 2024 and will likely be reflected as an adjustment (increase) in the premium amount for 2026.

The Committee reviewed a memo regarding the need to appoint a retired member to the Kentucky Group Health Insurance Board (KGHIB). See attached memo. There was no interest from any eligible member of the RHP Committee to serve on this Board; therefore, the memo is being brought to both the CERS and KRS Board of Trustees to seek interest from any eligible trustee from the full Boards. If an eligible trustee is interested, their name will be taken back to the RHP Committee at the September meeting to vote on and send to both Boards for ratification in accordance with the recommendation in the memo.

This memo is presented for informational purposes only.

enclosure



KENTUCKY PUBLIC PENSIONS AUTHORITY

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MEMORANDUM

TO: Members of the Joint CERS & KRS Retiree Health Plan Committee

FROM: Connie Pettyjohn, Division Director
Retiree Healthcare

DATE: May 16, 2025

SUBJECT: Kentucky Group Health Insurance Board

The Kentucky Group Health Insurance Board (KGHIB) was created by KRS 18A.226 to provide quality, affordable health insurance coverage so that the Commonwealth can attract and retain able and dedicated public employees, and to facilitate the need for comprehensive and efficient planning, implementation, and administration of a state employee health insurance program.

The board is attached to the Personnel Cabinet for administrative purposes only and consists of thirteen (13) members which includes one (1) retired state employee appointed by the Kentucky Retirement Systems (KRS) for a term a two (2) years. The KGHIB meets monthly at an in-person meeting in Frankfort.

KRS 18A.226 was not updated when the three (3) Board governance structure was created by 2020 RS HB 484, i.e. CERS Separation. There has been a Personnel housekeeping bill filed in the last two (2) Regular Sessions that included modifications to this statute, but those bills have not passed.

Mr. Jerry Powell served as the appointed member on the KGHIB since 2018. Connie Pettyjohn has served as the proxy since 2011. With the departure of Mr. Powell from the CERS Board, a new appointment needs to be made. The appointee does not have to be a trustee, but historically has been. The only requirement is that it be a retired member.

Recommendation: The CERS & KRS Joint RHP Committee recommend an appointee to the KGHIB to be ratified by both the KRS and CERS Board of Trustees. Ratification by both Boards is consistent with how recommendations from the RHP Committee are currently handled, and will satisfy the statutory requirement under KRS 18A.226.

Enclosure

18A.226 Group Health Insurance Board -- Members -- Duties.

- (1) To provide quality, affordable health insurance coverage so that the Commonwealth can attract and retain able and dedicated public employees, and to facilitate the need for comprehensive and efficient planning, implementation, and administration of a state employee health insurance program in order to meet this goal, the Kentucky Group Health Insurance Board is created. The board shall be attached to the Personnel Cabinet for administrative purposes only. The board shall consist of thirteen (13) members as follows:
 - (a) The secretary of the Finance and Administration Cabinet;
 - (b) The secretary of the Personnel Cabinet;
 - (c) The state budget director;
 - (d) The commissioner of education;
 - (e) The chair of the Advisory Committee of State Health Insurance Subscribers;
 - (f) The commissioner of insurance, ex officio;
 - (g) The Auditor of Public Accounts, ex officio;
 - (h) The Director of the Administrative Office of the Courts, or his designee;
 - (i) One (1) retired state employee appointed by the Kentucky Retirement Systems, who shall serve an initial term of one (1) year;
 - (j) One (1) retired teacher appointed by the Teachers' Retirement System, who shall serve an initial term of two (2) years;
 - (k) One (1) active teacher appointed by the organization with the largest number of teacher members on payroll deduction, who shall serve an initial term of one (1) year;
 - (l) One (1) active state employee appointed by the organization with the largest number of state employee members on payroll deduction, who shall serve an initial term of two (2) years; and
 - (m) One (1) active classified education support employee appointed by the organization with the largest number of classified education support employee members on payroll deduction, who shall serve an initial term of one (1) year.

As each appointed member's term expires, the vacancy created shall be filled by the appointing authority for that position for a term of two (2) years. An appointment to fill an unexpired term of an appointed member shall be made by the designated appointing authority for the remainder of the term. Appointed terms shall begin effective October 1.
- (2) The members of the board shall elect from among its members a chair and a vice chair.
- (3) Regular meetings of the board shall be held at least once every month at a place, day, and time determined by the board. Special meetings of the board shall be held when needed as determined by the chair. If seven (7) or more members of the board request in writing that the chair call a special meeting, the chair shall call a special meeting. The meetings shall operate in accordance with the provisions of the Open

Meetings Law under KRS 61.805 to 61.850.

- (4) Members of the board shall receive reimbursement for necessary expenses for attendance at official board meetings or public hearings.
- (5) The Kentucky Group Health Insurance Board shall:
 - (a) Engage in analyses and research to identify the factors and parameters that affect the state group health insurance program;
 - (b) Develop and transmit, by October 1 of each year beginning October 1, 2001, to the Governor, the General Assembly, and the Chief Justice of the Supreme Court, policy recommendations regarding benefit options and management of the state group health insurance program; and
 - (c) Provide in the first report, due by October 1, 2001, the following:
 - 1. Analysis and discussion of methods used by all other states to provide health insurance benefits to their state group; and
 - 2. Analysis and discussion of the cost, enrollment, claims, and utilization data for calendar year 2000 on the Kentucky state group; and
 - 3. Recommendations including but not limited to appropriate structures for the state contribution rate which shall include recommendations on increasing the state contribution to provide support for dependent coverage, possible methods to mitigate adverse selection, competitive plan designs by type and benefit options, the feasibility of a state self-insurance plan, and strategies for evaluating third-party administrators and vendors.

Effective: July 15, 2010

History: Amended 2010 Ky. Acts ch. 24, sec. 29, effective July 15, 2010. -- Amended 2002 Ky. Acts ch. 158, sec. 1, effective July 15, 2002. -- Created 2000 Ky. Acts ch. 438, sec. 1, effective April 21, 2000.



MEMORANDUM

DATE: March 10, 2025

TO: CERS Board of Trustees

FROM: Ed Owens, III
CEO

SUBJECT: CEO Quarterly Report

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A few of the issues I worked on during the quarter are as follows:

1. **XTP Implementation Services, LLC.** I continue to work with the Investment Office to implement this portfolio advisory service. XTP provides services regarding the analysis and optimization of investment costs. The leadership of XTP presented their product offerings to the CERS Board during a Board training session in February and to the Finance Committee during a regular meeting in March. The goal of XTP is to increase implementation efficiency and net returns to CERS. Their services do not constitute investment or asset management advice. In effect, they provide a forensic audit of all our Limited Partner Agreements (LPAs) and our custodial and commercial banking agreements.

I asked Johnson, Branco & Brennan to review the CERS Procurement Policy to determine whether the Policy gives me the authority to enter a contract with XTP in the event other means continue to move at an unfocused pace. Based on their review, I have that authority. This review is critical. It represents a risk management tool that would be foundational to any challenge to the Trustees oversight of investment policy.

2. **CERS Legislative Agenda.** I continue to work with CERS Board leadership to establish our legislative agenda. There are several items we believe are in the best interest of CERS membership that can only be addressed by the General Assembly. We are just starting to schedule meetings with the CERS employers to assess their level of support for the issues we would like to pursue. Once we have garnered the support of the CERS employers, we will bring our agenda to the CERS Board for the permission to engage the General Assembly on those issues.

One issue, that we believe will receive universal support, is the titling of CERS Insurance assets in the name of CERS. Earlier in the year, for the first time, we were able to title our Pension assets in the name of CERS for a particular investment. We will need legislative authority to be able to title our insurance assets in the same fashion. Our goal is to title all CERS investment assets in our name going-forward.

3. **Referral from Kentucky Auditor of Public Accounts.** I received a referral from the State Auditor, Alison Ball, concerning her office's audit of the Barren County Fiscal Court. One of their significant findings was that the Barren County Fiscal Court did not properly reconcile retirement reports with payroll reports. The audit surmised that the Court didn't devote sufficient resources to internal controls. I have met with Ryan and Rebecca concerning the matter and a team from ERCE is being formed to be able to conduct our own audit of the Barren County Fiscal Court. I'll report back to the CERS Board and the APA once that internal audit has been completed to report on the remediation measures that have been employed.
4. **Legacy Private Equity Positions.** A recent Investment Committee meeting revealed that CERS has over \$110 million tied to private equity positions that originated before 2010. There is little activity being generated from those positions; however, CERS continues to pay whatever management fee is associated with them. Assuming a one percent (1%) fee, we are paying over \$1 million annually for little positive return. We will work with the Investment Office to explore if a secondary sale of those assets and a reinvestment of those funds would be the best option for maximizing the resources of the Trust.
5. **New CERS Trustee Orientation.** I attended and participated in the new Trustee orientation that was sponsored by KPPA on behalf of the newly elected CERS Trustees. The training covered most areas of KPPA administration and gave the Trustees a good overview of the roles and responsibilities of each Trustee. The training lasted most of the day and I believe was very well received by all who participated in it.
6. **Trustee STEP Forum.** I have continued to work with Ryan and John Chilton to develop a coordinated training for all three Boards. The STEP (Strategy, Statutory Training, Engagement, Planning) embodies everything we hope the content will deliver. The name of the event may change but we have zeroed in on the dates that accommodate most of the Trustees and we look to finalize the location soon. I believe this will be a great opportunity for all three Boards to develop the common vision for how we go forward that will propel the success of each Board.
7. **Wilshire Conference.** I attended the Wilshire Client Conference that was held in April of this year in California. I had the opportunity to network with Public Pension leadership, Family Office leadership, and Investment Managers that are close to Wilshire leadership. The content of the conference was heavy on forward-looking artificial intelligence applications and risk management tools that should be the staple of every public pension plan administrative platform. Wilshire was also able to provide a complete listing of their services and provide examples of how they have implemented them.
8. **Henry Clay Center.** At the invitation of Dr. Hackbart, I had the distinct honor to present a 1-hour talk on American Isolationism to the College Student Congress of the Henry Clay Center which focuses on civil public discourse and the ability to compromise in order to advance American policy agendas. The Student Congress is comprised of fifty high achieving college

students, one from each state, who spend two weeks learning about how public policy has been crafted over a generation and tackling the most pertinent issues of the day: tariffs, foreign policy, immigration, and climate policy, to develop, in the style of Henry Clay, a compromised solution to issues facing the country.

9. **Mayberry Hearing.** I attended the hearing held in Franklin Circuit Court on the proposed Order to settle the Mayberry case and its progeny. Ultimately, the Court determined not to enter the Order and suggested if the parties wanted to settle the lawsuit, they were free to do so without his involvement. We are currently in negotiations with all relevant parties to determine whether the proposed settlement can move forward.



KENTUCKY PUBLIC PENSIONS AUTHORITY

Ryan Barrow, Executive Director

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To: KPPA, CERS & KRS Board
From: Ryan Barrow
Date: June 2025
Subject: KPPA Update

I. KPPA LEGISLATION IMPLEMENTATION UPDATE:

Senate Bill 10 (CERS Retiree Insurance), passed during the 2025 General Assembly Regular Session, is advancing through implementation. We are finalizing legal interpretations, transitioning to the IT design phase, and developing training materials for employees and members.

II. STAFFING UPDATE:

KPPA currently employs 264 staff members. The Personnel Cabinet recently completed a job review for the second half of the IT job series, affecting approximately 22 employees:

- Positions are reallocated to job classes as determined by the Personnel Cabinet, effective June 16, 2025.
- The financial impact on personnel costs is significant and under analysis. Detailed findings will be presented to the board(s) during the budget process.
- Investment Staffing Update: We are thrilled to welcome Ian Blaiklock (6/23) as Senior Investment Associate. He brings extensive experience in public and private markets, including his prior role as Senior CMBS/CRE Analyst at Invesco as well as prior state government experience. Ian strengthens our Investment team and will play a pivotal role supporting Portfolio Managers with due diligence, quantitative and qualitative analysis of managers, and portfolio performance evaluation across asset classes.

III. STRATEGIC PLAN & IMPLEMENTATION UPDATE:

The implementation of the Strategic Plan continues with four active teams:

1. **Quality Assurance** is nearing completion on the implementation of

recommendations regarding the account audit process.

2. **Survey Team's** recommendations have been approved, and they are currently evaluating options for upgrading survey software.
3. **Member Presentation** has made recommendations that are under review.
4. **AI** is nearing the recommendation phase.

Other Initiatives:

- The RFP for a technology assessment is in the final stage of contract negotiations and is focused on IT modernization.
- The Directors Lunch and Learn initiative launched in February 2025, continued with a presentation from our partners on valuations and assumptions by GRS.

In June 2024, the KPPA Board approved the 2024-2028 Strategic Plan Summary. To supplement the document, KPPA will provide more details for FY26 that will be presented to the KPPA Board on June 26th.

IV. TRUSTEE IMPACT FORUM:

We are excited to announce the upcoming **Trustee IMPACT Forum** (Investments, Management, Pensions, Advisory, Compliance, and Training) is scheduled for **October 22nd and 23rd**, as those dates have been confirmed as ideal for all Trustees. This session will focus on key areas including fiduciary responsibility, investments, benefits, and legal compliance. We have asked the CEOs and would request that Trustees submit any program ideas or topics they would like to see included to Sherry. We anticipate a meaningful agenda and are open to all input.

V. PPOB PRESENTATION:

On April 28th, Erin Surratt and I had the opportunity to provide a presentation to the Public Pension Oversight Board (PPOB). Our discussion focused on key areas impacting the system, including investment performance and strategy, current and projected cash flow trends, and a legislative update. The presentation aimed to offer transparency, highlight recent developments, and support informed requests by the Board.

VI. LEADERSHIP ACADEMY:

Launched in February 2025, the KPPA Leadership Academy includes monthly group training sessions and a mentorship component. Thirteen participants have been paired with members of the KPPA Leadership Team for one-on-one mentoring.

Training topics covered to date include:

- Personality Assessment & Team Building
- Personal Values, Empathy, and Integrity
- Time Management
- Delegation Skills
- Effective Communication

Monthly sessions will continue through October, and in November, participants will attend the Commonwealth's virtual two-day LEAD Conference. The program will conclude with final presentations and a graduation ceremony in December.

VII. NCPERS CONFERENCE:

Mike Lamb and I completed Modules 1 through 4 of the National Conference on Public Employee Retirement Systems (NCPERS) Accredited Fiduciary (NAF) Program. This training spanned a year and included a full day on each of Governance, Finance, Risk Management, and Human Capital. After the weekend training, we represented KPPA at their Annual Conference and Exhibition (ACE).

VIII. KPPA KUDOS:

Public Service Recognition Week was celebrated May 5th through May 9th. During that time, we recognized the incredible staff of KPPA for their dedication, professionalism, and commitment to serving our members. Throughout the week, staff enjoyed a variety of treats and activities as a small token of appreciation, including treats, fresh donuts, healthy bananas and fruit, and a fun "*Find the Golden Pig*" challenge, with winners receiving a free lunch at the onsite food truck. The week wrapped up with our always-popular "*Freebie Friday*" drawing giveaways.

School Board Reporting team in ERCE, including Amy Vincent, Anita Smith, Bennie Good, Madison Adams-Cunningham, and Melissa Ping and led by Crystal Hughes. This year, they have successfully processed end-of-year service averaging for all 171 school board agencies well ahead of the fiscal year-end processes, a feat that has never been accomplished before. Their strategic approach and determination to this goal ensure that members working in a classified school board position will have accurate accounting of service credit on their annual statements. Additionally, it will have a positive ripple effect as other areas of KPPA relying on this information can complete their processes more efficiently.

Compliance Office, Carrie Bass for successfully reviewing and conceptually developing a new investment compliance plan. That process will have to be adaptive, but improvements and enhancements will strengthen our organization's commitment to transparency, oversight, and regulatory and policy adherence. Key milestones in this endeavor include an enhanced investment compliance process and reporting and the development of a revised Agency Securities Trading Policy, designed to comply with SEC regulations while streamlining requirements for trustees and employees. We look forward to the evolution of the investment compliance process, as well as the initiation of an overall KPPA compliance program from the compliance officer in the months to come.

Member Outreach conducted several presentations for public safety officials in the past several months. (City of Richmond Police, KSP & Corrections – Wardens/Directors) and have received many great compliments for their work. In quick summary:

- “Great presenter!”
- “I would recommend this class to all employees.”
- “Your team’s professionalism and unparalleled commitment to customer service continue to elevate the quality of our training programs.”

Many thanks to everyone involved in maintaining and improving KPPA operations!