

**Kentucky Retirement Systems Board of Trustees
Quarterly Board Meeting
March 12, 2025, 10:00 a.m. ET
Live Video Conference/Facebook Live**

AMENDED AGENDA

- | | |
|---|--|
| 1. Call to Order | Lynn Hampton |
| 2. Legal Public Statement | Office of Legal Services |
| 3. Roll Call/Public Comment | Sherry Rankin |
| 4. Approval of Minutes – December 4, 2024; December 17, 2024, January 3, 2025 (2 sets), and February 11, 2025* | Lynn Hampton |
| 5. Joint Retiree Health Plan Committee Report | Dr. Crystal Miller
Connie Pettyjohn |
| 6. Quarterly Financial Reports | Michael Lamb |
| a. Quarterly Financial Statements | |
| b. Quarterly Administrative Expenses to Budget | |
| c. Contribution Report | |
| d. Outstanding Invoices | |
| e. Penalty Waiver | |
| f. FY 2024 GASB 68 and GASB 75 Audits | |
| 7. Quarterly Investment Performance Report and Recommendations* | Prewitt Lane
KPPA Investment Staff |
| 8. KRS CEO Update | John Chilton |
| 9. KPPA Update | Ryan Barrow |
| 10. New Business | Lynn Hampton |
| 11. Closed Session** | Lynn Hampton |
| 12. Adjourn* | Lynn Hampton |

**Board Action Required*

***Board Action May Be Required*

**MINUTES OF MEETING
KENTUCKY RETIREMENT SYSTEMS
BOARD OF TRUSTEES MEETING
DECEMBER 4, 2024, AT 10:00 AM, E.T.
VIA LIVE VIDEO TELECONFERENCE**

At the Meeting of the Kentucky Retirement Systems Board of Trustees held on December 4, 2024, the following members were present: Lynn Hampton (Chair), Ramsey Bova, Mary Eaves, Prewitt Lane, Dr. Crystal Miller, Keith Percy, William Summers V, and Pamela Thompson. Staff members present were KRS CEO John Chilton, Ryan Barrow, Erin Surratt, Michael Board, Leigh Ann Davis, Michael Lamb, Connie Davis, D’Juan Surratt, Joe Gilbert, Brian Caldwell, Anthony Chiu, Kristen Coffey, Ashley Gabbard, Sandy Hardin, Phillip Case, and Sherry Rankin. Others present included Chris Tessman with Wilshire, Janie Shaw with GRS, Janet Jakubowicz from Dentons Bingham Greenebaum, and Ryan Graham with Blue & Co.

1. Ms. Hampton called the meeting to order.

2. Mr. Board read the Legal Public Statement.

3. Ms. Rankin called roll.

Ms. Rankin noted no **Public Comment** was submitted.

4. Ms. Hampton introduced agenda item ***Approval of Minutes – October 22, 2024, and November 13, 2024 (Video 00:04:19 to 00:04:56)***. A motion was made by Dr. Miller to approve the meeting minutes of October 22, 2024, and November 13, 2024, as presented. Ms. Bova seconded the motion. The motion passed unanimously.

5. Ms. Hampton introduced agenda item ***Approval of June 30, 2024, Actuarial Valuations for KERS Hazardous, KERS Non-Hazardous, and SPRS (Video 00:04:56 to 00:08:10)***. Ms. Shaw from GRS presented an overview of the 2024 Actuarial Valuation Results and

addressed questions from the Trustees. She reviewed the Actuarially Determined Employer Contributions, noting that the contribution rates and requirements were set for a two-year period based on the 2023 valuation. This year's 2024 valuation serves as a midpoint to assess contribution rates, which will be reset with next year's valuation.

For non-hazardous employers, the amortization cost, which is distributed among all employers, has slightly increased, primarily due to higher-than-expected 2025 Medicare premiums. For KERS hazardous and state police funds, contribution rates have decreased due to an increase in member covered payroll, which spreads the contributions over more payroll, and an appropriation for the state police.

A motion was made by Mr. Lane and seconded by Ms. Eaves to accept the 2024 Actuarial Valuation for the KERS Hazardous fund, the KERS Non-Hazardous fund, and the SPRS plan as presented. The motion passed unanimously.

6. Ms. Hampton introduced agenda item *External Audit (Video 00:08:10 to 00:15:38)*. Mr. Lamb introduced Mr. Ryan Graham from Blue & Co., the partner overseeing the audit of the KRS Financial ACFR. Mr. Graham provided an overview of the Report of Independent Auditors, noting that this year's opinion is solely on KRS. The first letter noted that Blue & Co. audited under government standards with no new accounting standards impacting this year. The second letter covered internal controls and reported no material weaknesses or significant deficiencies. The third letter, the management communication letter, Mr. Graham noted it addressed significant estimates like investments valued at NAV and pension/OPEB liabilities and reported no significant audit difficulties. An uncorrected misstatement reference will be removed in the final version. Mr. Graham praised the smooth working relationship with KPPA and highlighted the effective audit process.

Following the discussion of External Audit, Ms. Hampton proceeded directly to agenda item 8, *KRS Draft ACFR*.

7. Ms. Hampton introduced agenda item *Approval of FY 25-26 Contribution Rates (Video 00:18:34 to 00:19:15)*. Mr. John Chilton presented on the contribution rates, noting they

are set by the legislature in the biennial budget bill. Although actuarial calculations are received annually, the rates for the current and next fiscal year have already been established, so there's no need for approval at this time.

8. Ms. Hampton introduced agenda item ***KRS Draft ACFR*** (Video 00:15:38 to 00:18:34). Mr. Lamb expressed his appreciation to Ryan Graham and his team for their diligence in helping to split the ACFRs between KRS and CERS, as well as their audit work. He extended his gratitude to everyone involved. Ms. Hampton also offered her appreciation.

Mr. Lane noted he was asked why the report name changed from CAFR to ACFR. Mr. Lamb explained the history behind the name change, noting that the Governmental Accounting Standards Board (GASB) issued a pronouncement that officially changed the name from the Comprehensive Annual Financial Report (CAFR) to the Annual Comprehensive Financial Report (ACFR).

A motion was made by Ms. Bova to adopt the KRS ACFR as presented and to send it to KPPA for publication. Mr. Lane seconded the motion, and the motion passed unanimously.

9. Ms. Hampton introduced agenda item ***GFOA ACFR Letter*** (Video 00:19:15 to 00:21:12). Mr. Lamb presented regarding the Fiscal Year 2023 Government Finance Officers Association's (GFOA) Annual Comprehensive Financial Report (ACFR) letter. Mr. Lamb noted that upon receiving the Certificate of Achievement for Excellence in Financial Reporting, the GFOA included comments on the submitted 2023 ACFR. Mr. Lamb reviewed these comments alongside management's responses.

10. Ms. Hampton introduced agenda item ***Quarterly Investment Office Report*** (Video 00:21:12 to 00:26:21). Mr. Lane introduced Mr. Chiu to present the quarterly investment office report. Mr. Chiu reviewed the performance data for the quarter ending September 30, 2024, and provided a brief update on current projects within the KPPA Office of Investments.

11. Ms. Hampton introduced agenda item ***Quarterly Financial Statements*** (Video 00:26:21 to 00:35:58). Mr. Lamb reviewed the Quarterly Financial Reports with the KRS Board of Trustees. He presented the Combining Statement of Fiduciary Net Position of the Pension and Insurance Funds for the three-month period ending September 30, 2024, and the Combining Statement of Changes in Fiduciary Net Position of the Pension and Insurance Funds for the twelve-month period ending June 30, 2024. He then reviewed the KRS Contribution Reports for the three-month period ending September 30, 2024. The KRS Outstanding Invoices by Type and Employer and Penalty Invoices Reports were also presented to the Trustees. Following this, Mr. Lamb highlighted the Fiscal Year 2024-2025 KPPA Administrative Budget – Budget-to-Actual Summary Analysis for the three months ending September 30, 2024. Lastly, he briefly reviewed the JP Morgan Chase Credit Earnings and Fees and Hard Interest Earned for the fiscal year ending June 30, 2025.

12. Ms. Hampton introduced agenda item ***Hazardous Duty Requests*** (Video 00:35:58 to 00:38:41). Mr. D’Juan Surratt presented two requests for hazardous position classification: Executive Director with Criminal Investigations with the Attorney General’s office and a Lieutenant Colonel with Eastern Kentucky University. KPPA reviewed both requests and determined that they meet the statutory guidelines for hazardous coverage. Mr. Surratt answered questions posed by the Trustees.

A motion was made by Ms. Eaves and seconded by Mr. Lane to approve the Hazardous Duty Requests as presented. The motion passed unanimously.

13. Ms. Hampton introduced agenda item ***Denton Bingham Greenebaum Contract*** (Video 00:38:41 to 00:41:53). Mr. Chilton presented on the Denton Bingham Greenebaum contract, noting they have been our counsel since KRS reorganized in 2021. Our current contract with them extends through the end of this fiscal year. Due to increased litigation activity this fiscal year, the initial budget of \$50,000 is no longer sufficient. Mr. Chilton proposed increasing the budget to \$125,000, with no changes to contract rates or other

provisions, citing the need to accommodate the excess litigation activity that has occurred and is expected to continue.

A motion was made by Mr. Lane and seconded by Mr. Summers to approve an amendment to the Dentons Bingham Greenebaum contract to increase the payment authorization to \$125,000 as presented. Ms. Eaves, an alumna of Denton Bingham Greenebaum, recused herself from voting due to her prior affiliation with the firm. The motion passed unanimously.

14. Ms. Hampton introduced agenda item ***KRS CEO Update*** (Video 00:41:53 to 00:42:26). Mr. Chilton reported that their last meeting was just three weeks ago, and most of his time during that period has been associated with matters to be discussed in closed session. Beyond that, he had no additional updates to report.

Following the KRS CEO Update, Ms. Hampton proceeded directly to agenda item 16, ***New Business***.

15. Ms. Hampton introduced agenda item ***KPPA Executive Director Report*** (Video 00:42:40 to 00:44:33) Mr. Barrow provided a written update, which included information regarding legislation, the Louisville office, the Pension Public Oversight Board (PPOB), Strategic Planning Teams, staffing, communication, and the Kentucky Employee Charitable Campaign (KECC).
16. Ms. Hampton introduced agenda item ***New Business*** (Video 00:42:26 to 00:42:40). Ms. Hampton reported she did not have any new business.
17. Ms. Hampton introduced agenda item ***Closed Session*** (Video 00:44:33 to 00:48:04) and requested a motion to enter closed session to discuss pending litigation pursuant to KRS 61.810(c). A motion was made by Dr. Miller and seconded by Mr. Percy. The motion passed unanimously.

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

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

Closed Session (Video - Part 2 - 00:00:31 to 00:00:42)

Ms. Hampton called the meeting back to open session and stated that there was no action taken by the KRS Board of Trustees as result of the Closed Session.

18. There being no further business, Ms. Hampton ***adjourned*** the meeting.

Copies of all documents presented are incorporated as part of the Minutes of the Board of Trustees held December 4, 2024, 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 various items considered by it at this meeting. Further, I certify that all requirements of KRS 61.805-61.850 were met in conjunction with this meeting.

Recording Secretary

I, the Chair of the Board of Trustees of the Kentucky Retirement Systems, do certify that the Minutes of Meeting held on December 4, 2024, were approved on March 12, 2025.

Chair of the Board of Trustees

I have reviewed the Minutes of the December 4, 2024, Board of Trustees Meeting for content, form, and legality.

Executive Director
Office of Legal Services

**MINUTES OF MEETING
KENTUCKY RETIREMENT SYSTEMS
SPECIAL CALLED
BOARD OF TRUSTEES MEETING
DECEMBER 17, 2024, AT 12:00 PM, E.T.
VIA LIVE VIDEO TELECONFERENCE**

At the Special-Called Meeting of the Kentucky Retirement Systems Board of Trustees held on December 17, 2024, the following members were present: Lynn Hampton, David Adkins, Ramsey Bova, Mary Eaves, Prewitt Lane, Keith Peerey, and Pamela Thompson. Staff members present were KRS CEO John Chilton, Ryan Barrow, Rebecca Adkins, Steve Willer, Brian Caldwell, Anthony Chiu, Joe Gilbert, Carrie Bass, Victoria Hale, Ashley Gabbard, Phillip Cook, Sandy Hardin, and Sherry Rankin. Others in attendance included Craig Morton, Chris Tessman, and David Lindberg with Wilshire.

1. Ms. Hampton called the meeting to order.

2. Ms. Hale read the Legal Public Statement.

3. Ms. Rankin called roll.

Ms. Hampton introduced agenda item **Public Comment** (*Video 00:05:50 to 00:05:57*), and Ms. Rankin indicated there were no public comments.

4. Ms. Hampton introduced agenda item **Real Return Investment Recommendation** (*Video 00:05:57 to 00:22:32*). Mr. Lane noted that the Investment Committee met earlier today and stated that the KRS Board is convening to ratify the recommendation made by the Committee. Mr. Willer began with a summary of the investment and provided an update on the current portfolio status. He reviewed the KRS Pension Portfolio, highlighting the Real Return Allocations and their impact and rationale.

He then invited Mr. Anthony Chiu to present the proposed investment by the KPPA Investment Staff in the ITE Rail Fund, L.P. Mr. Chiu explained it is an open-ended fund managed by Industrial Transportation Equipment. Mr. Chiu reviewed the details of this proposal, concluding that given the attractive risk/reward profile, compelling market opportunity, and current Real Return allocations, the Staff recommends an investment of up to \$100 million to be shared among all KERS and SPRS portfolios, pending successful legal negotiations. When fully funded, this investment would represent approximately 1.0% to 1.1% of Plan assets, depending on market value fluctuations. It is anticipated that this investment would be funded by unwinding proxy positions and utilizing existing cash based on the specific needs of each portfolio. The expected net return for this investment is projected to be between 6% and 9%. Following the presentation, Mr. Chiu and Mr. Willer addressed and answered questions posed by the Trustees.

A motion was made by Mr. Adkins to ratify the Investment Committee's recommendation to invest up to \$100 million in the ITE Rail Fund, L.P., subject to successful contract negotiations. Mr. Lane seconded the motion. The motion passed unanimously.

5/6. With no closed session business to address, Ms. Hampton *adjourned* the meeting.

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CERTIFICATION

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Recording Secretary

I, the Chair of the Board of Trustees of the Kentucky Retirement Systems, do certify that the Minutes of Meeting held on December 17, 2024, were approved on March 12, 2025.

Chair of the Board of Trustees

I have reviewed the Minutes of the December 17, 2024, Board of Trustees Meeting for content, form, and legality.

Executive Director Office of
Legal Services

**MINUTES OF MEETING
KENTUCKY RETIREMENT SYSTEMS
SPECIAL CALLED
BOARD OF TRUSTEES MEETING
JANUARY 3, 2025, AT 10:00 AM, E.T.
VIA LIVE VIDEO TELECONFERENCE**

At the Meeting of the Special Called Kentucky Retirement Systems Board of Trustees held on January 3, 2025, the following members were present: Lynn Hampton (Chair), David Adkins, Mary Eaves, Prewitt Lane, Keith Percy, and William Summers V. Staff members present were KRS CEO John Chilton, Ryan Barrow, Rebecca Adkins, Michael Board, Shaun Case, Sandy Hardin, and Sherry Rankin. Others in attendance included Janet Jakubowicz with Dentons, Bingham, Greenebaum.

1. Ms. Hampton called the meeting to order.

2. Mr. Board read the Legal Public Statement.

3. Ms. Rankin called roll.

Ms. Hampton introduced agenda item **Public Comment** (Video 00:07:40 to 00:07:45), and Ms. Rankin indicated there were no public comments.

4. Ms. Hampton introduced agenda item **Closed Session** (Video 00:07:45 to 00:08:37) and requested a motion to enter closed session to discuss pending litigation pursuant to KRS 61.810(c). A motion was made by Mr. Adkins and seconded by Mr. Lane. The motion passed unanimously.

Ms. Hampton read the following statement and the meeting moved into closed session: A motion having been made in open session to move into a closed session for a specific purpose, and such motion having carried by majority vote in open, public session, the Board shall now enter closed session to consider litigation, pursuant to KRS 61.810(1)(c), because of the

necessity of protecting the confidentiality of the Systems' litigation strategy and preserving any available attorney-client privilege. All public attendees exited the meeting.

Closed Session (Video - Part 2 - 00:00:17 to 00:00:28)

Ms. Hampton called the meeting back to open session and stated that there was no action taken by the KRS Board of Trustees as result of the Closed Session.

There being no further business, Ms. Hampton ***adjourned*** the meeting.

Copies of all documents presented are incorporated as part of the Minutes of the Board of Trustees held January 3, 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 Kentucky Retirement Systems, do certify that the Minutes of Meeting held on January 3, 2025, were approved on March 12, 2025.

Chair of the Board of Trustees

I have reviewed the Minutes of the January 3, 2025, Board of Trustees Meeting for content, form, and legality.

Executive Director Office of
Legal Services

**MINUTES OF MEETING
KENTUCKY RETIREMENT SYSTEMS
SPECIAL CALLED
BOARD OF TRUSTEES MEETING
JANUARY 3, 2025, AT 10:30 AM, E.T.
VIA LIVE VIDEO TELECONFERENCE**

At the January 3, 2025, Special-Called Meeting of the Kentucky Retirement Systems Board of Trustees held in conjunction with the County Employees Retirement System and the Kentucky Public Pensions Authority Boards, the following Members were present: Lynn Hampton (Chair), David Adkins, Ramsey Bova, Mary Eaves, Prewitt Lane, Keith Peercy, and William Summers V. Staff members present: Ryan Barrow, Michael Board, Rebecca Adkins, Erin Surratt, Michael Lamb, Shaun Case, Sandy Hardin, and Sherry Rankin. Other members present: CERS CEO Ed Owens III; KRS CEO John Chilton; Janet Jakubowicz with Dentons, Bingham, Greenebaum; and Paul Harnice and Chris Schaefer with Stoll, Keenon, Ogden PLLC.

1. Ms. Hampton called the meeting to order.
2. Mr. Board read the Legal Opening Statement.
3. Ms. Rankin called roll.

Ms. Hampton introduced agenda item **Public Comment** (Video 00:04:59 to 00:05:04).

Ms. Rankin indicated no public comment was submitted.

4. Ms. Hampton introduced agenda item **Closed Session**. (Video 00:05:04 to 00:07:23)
Ms. Bova made a motion and was seconded by Mr. Adkins to enter closed session to discuss pending litigation. The motion passed unanimously.

Mr. Board 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 matters, pursuant to KRS 61.810(1)(c), because of the necessity of protecting the confidentiality of the Systems' litigation strategy and preserving any available attorney-client privilege.

All other attendees exited the meeting.

Closed Session. (Video: 00:00:20 to 00:05:09:00) Ms. Hampton called the meeting back to open session.

Ms. Hampton requested a motion that, in closed session, the KRS Board has determined it is in the best interest of KRS to approve the settlement agreement with the hedge fund litigation and authorize the KRS Board Chair to sign the agreement. A motion was made by Ms. Eaves and seconded by Ms. Bova. Following a roll call vote, the motion was approved unanimously, and Ms. Hampton declared the motion passed.

5. There being no further business, Ms. Hampton ***adjourned*** the meeting.

Copies of all documents presented are incorporated as part of the Minutes of the Board of Trustees held January 3, 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 KRS61.805-61.850 were met in conjunction with this meeting.

Recording Secretary

I, the Chair of the Board of Trustees of the Kentucky Retirement Systems, do certify that the Minutes of Meeting held on January 3, 2025, were approved on March 12, 2025.

Chair of the Board of
Trustees

I have reviewed the Minutes of the January 3, 2025, Board of Trustees Meeting for content, form, and legality.

Executive Director, Office of Legal Services

**MINUTES OF MEETING
KENTUCKY RETIREMENT SYSTEMS
BOARD OF TRUSTEES SPECIAL-CALLED MEETING
FEBRUARY 11, 2025, AT 10:30 AM, E.T.
VIA LIVE VIDEO TELECONFERENCE**

At the February 11, 2025, Special-Called Meeting of the Kentucky Retirement Systems Board of Trustees the following Members were present: Lynn Hampton (Chair), David Adkins, Ramsey Bova, Mary Eaves, Prewitt Lane, Keith Percy, William Summers V, and Pamela Thompson. Staff members present: Ryan Barrow, Michael Board, Victoria Hale, Steve Willer, Erin Surratt, Anthony Chiu, Phillip Cook, Sandy Hardin, and Sherry Rankin. Other members present: KRS CEO John Chilton and Ryan Stippich and Mark Carmeli with Reinhart, Boerner, Van Dueren.

1. Ms. Hampton called the meeting to order.
2. Mr. Board read the Legal Public Statement.
3. Ms. Rankin called roll.

Ms. Hampton introduced agenda item **Public Comment** (Video 00:01:53 to 00:01:59).

Ms. Rankin indicated no public comment was submitted.

4. Ms. Hampton introduced agenda item **Closed Session**. (Video 00:01:59 to 00:03:28)
Mr. Lane made a motion and was seconded by Ms. Bova to enter closed session to discuss pending litigation. The motion passed unanimously.

Mr. Board 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 matters, pursuant to KRS 61.810(1)(c), because of the necessity of protecting the confidentiality of the Systems' litigation strategy and preserving any available attorney-client privilege.

All other attendees exited the meeting.

Closed Session. (Video: 00:00:02 to 00:02:24:00)

*** Mr. Summers V left during closed session. ***

Coming back into open session, Ms. Hampton requested a motion to come out of Closed Session. Ms. Bova made the motion to return to open session and was seconded by Mr. Adkins. The motion passed unanimously. Ms. Hampton stated that no action was taken as a result of the closed session discussions.

Ms. Hampton asked Mr. Board to provide the correct wording for the motion, which he read as follows: “A motion to approve resolution of the Bay Hills litigation on the terms included in the Term Sheet discussed in Closed Session subject to the successful negotiation of a full settlement agreement and approval of the Board Chair to sign the settlement agreement on the Board’s behalf.” Ms. Hampton then asked for a motion to approve as stated. Ms. Bova made the motion to approve as stated and was seconded by Mr. Adkins. The motion passed unanimously.

5. There being no further business, Ms. Hampton ***adjourned*** the meeting.

Copies of all documents presented are incorporated as part of the Minutes of the Board of Trustees held February 11, 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 KRS61.805-61.850 were met in conjunction with this meeting.

Recording Secretary

I, the Chair of the Board of Trustees of the Kentucky Retirement Systems, do certify that the Minutes of Meeting held on February 11, 2025, were approved on March 12, 2025.

Chair of the Board of
Trustees

I have reviewed the Minutes of the February 11, 2025, Board of Trustees Meeting for content, form, and legality.

Executive Director, Office of Legal Services



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: Members of the KRS Board of Trustees

FROM: Joint CERS & KRS Retiree Health Plan Committee

DATE: March 13, 2025

SUBJECT: Joint CERS & KRS Retiree Health Plan Committee Report

The Joint CERS & KRS Retiree Health Plan Committee met on Thursday, February 13, 2025. The Committee reviewed an informational presentation from Humana regarding the following items:

- 2024 Member Satisfaction Results
- 2024 CMS Call Notices
- Humana Updates
 - 2025 Implementation Review
 - CMS Notices
 - 2025 Value Added Services

Humana's annual member satisfaction survey – Plan usage and satisfaction, 92% were satisfied with their plan in 2024 and approximately the same number, 91%, said they would recommend Humana to a friend or family member. Most members used their Medicare plan in the past 3 months (86%) with more than nine in every 10 members reported scores of 7 or higher in terms of claims processing, timeliness, and accuracy.

Humana presented the Customer Care Experiences. The members calling customer care was low in 2024 and 2023 with only 12% having a reason to call compared to 2022. Members ability to get their issue resolved remained high at 79% resolution for a single incident. Members remained highly satisfied with their Customer Representative interactions. More than 80% of callers thought the hold times were satisfactory in 2024. Humana's Net Promoter Score (NPS) for 2024 was 74.68. NPS above 50 are considered to be excellent.

Humana reported on 2025 implementation review, advising that 7,000 KPPA members were moved to an incorrect contract for January 1, 2025. Humana discovered this error prior to the January 1, 2025 effective date and updated the members to the correct contract. An automated termination letter was sent causing concern to members with an increase in calls to KPPA and Humana. Humana worked with the team at KPPA to refine and align the messaging, outbound calls were made by Humana and a reinstatement notice was sent to all impacted members.

Humana reported the Centers for Medicare and Medicaid Services (CMS) released the Advanced Rate Notice for 2025. The notice indicates the expected impact of proposed policy changes on the Medicare Advantage (MA) plan payments relative to last year. There is a 60-day comment period. The Final Notice will be released on April 7, 2025. Humana will present information from this notice in the May 2025 Joint CERS KRS RHP Committee meeting.

Humana presented an update to the Value-Added Items and Services:

- Humana Dental – save up to 25%
- EyeMed Discounts
- Truhearing – save up to 60%
- Lifeline Alert System savings
- Mom’s Meals Savings
- RX Drug Discount Program
- Discount for Travel Insurance Coverage
- Discount for Pet Telehealth

KPPA staff presented Open Enrollment (October 1, 2024 – December 31, 2024) statistics. The statistics showed a similar number of retirees using the web enrollments (3,630 in 2025, 3,622 in 2024). Member email responses remained flat at 865 from 798 the previous year. The number of phone calls decreased with 14,417 taken from 18,846 in 2024. Virtual appointments grew from the previous year from 70 to 96 and the in-person appointments increase from the previous year from 66 to 97. KPPA staff attended ten (10) in-person Benefit Fairs and Seminars with Humana, the Department of Employee Insurance (DEI) and Retiree Group meetings during September 2024-October 2024 reaching slightly above five hundred (500) retirees. Webinars were offered and posted on the KPPA website for both the non-Medicare and Medicare plans.

All presentations were for informational purposes only and no actions were taken.

Combining Statement of Fiduciary Net Position

For the six month period ending December 31, 2024, with Comparative Totals for the six month period ending December 31, 2023 (\$ in Thousands) (Unaudited)

	Pension			Insurance			KRS Total		
	KERS Nonhazardous	KERS Hazardous	SPRS	KERS Nonhazardous	KERS Hazardous	SPRS	2025	2024	
ASSETS									
CASH AND SHORT-TERM INVESTMENTS									
Cash Deposits	\$293	\$25	\$30	\$102	\$20	\$11	\$482	\$2,986	(83.87)% 1
Short-term Investments	186,263	50,499	28,215	71,241	20,583	9,173	365,973	711,879	(48.59)% 2
Total Cash and Short-term Investments	186,557	50,524	28,244	71,343	20,603	9,183	366,455	714,865	
RECEIVABLES									
Accounts Receivable	88,845	4,025	2,237	6,048	476	205	101,836	114,536	(11.09)% 3
Accounts Receivable - Investments	32,287	6,363	5,008	11,286	3,317	1,515	59,776	52,504	13.85% 4
Total Receivables	121,132	10,388	7,245	17,334	3,793	1,720	161,612	167,039	
INVESTMENTS, AT FAIR VALUE									
Core Fixed Income	1,232,427	113,020	185,336	188,008	72,647	27,854	1,819,292	1,311,880	38.68% 5
Public Equities	1,410,665	439,256	212,121	711,158	280,675	112,686	3,166,561	2,988,718	5.95%
Private Equities	193,168	65,515	27,292	112,373	48,479	21,545	468,372	449,746	4.14%
Specialty Credit	921,432	265,951	137,045	430,594	171,561	69,471	1,996,053	1,453,540	37.32% 6
Derivatives	400	153	76	198	(1)	46	873	(350)	(349.84)% 7
Real Return	433,591	82,776	67,120	137,928	53,158	21,328	795,900	542,956	46.59% 8
Real Estate	224,755	60,836	34,262	98,931	43,526	16,620	478,930	478,603	0.07%
Total Investments, at Fair Value	4,416,439	1,027,508	663,252	1,679,190	670,045	269,549	8,725,981	7,225,093	20.77%
Securities Lending Collateral Invested	112,825	26,693	17,048	36,155	14,246	5,755	212,722	157,763	34.84% 9
CAPITAL/INTANGIBLE ASSETS									
Capital Assets	929	91	11	-	-	-	1,031	1,031	(0.00)%
Intangible Assets	5,920	494	100	-	-	-	6,513	6,513	0.00%
Accumulated Depreciation	(929)	(91)	(11)	-	-	-	(1,031)	(1,031)	(0.00)%
Accumulated Amortization	(5,920)	(494)	(100)	-	-	-	(6,513)	(6,513)	(0.00)%
Total Capital Assets	-	-	-	-	-	-	-	-	
Total Assets	4,836,952	1,115,113	715,789	1,804,022	708,687	286,209	9,466,770	8,264,760	

Combining Statement of Fiduciary Net Position Continued									
For the six month period ending December 31, 2024, with Comparative Totals for the six month period ending December 31, 2023 (\$ in Thousands) (Unaudited)									
	Pension			Insurance			KRS Total		
	KERS	KERS	SPRS	KERS	KERS	SPRS	2025	2024	
	Nonhazardous	Hazardous		Nonhazardous	Hazardous				
LIABILITIES									
Accounts Payable	3,781	1,087	140	91	-	-	5,099	3,993	27.70% 10
Investment Accounts Payable	71,140	11,739	10,678	20,451	5,579	2,701	122,289	86,492	41.39% 11
Securities Lending Collateral	112,825	26,693	17,048	36,155	14,246	5,755	212,722	157,763	34.84% 12
Total Liabilities	187,746	39,519	27,867	56,697	19,824	8,456	340,109	248,247	
Total Fiduciary Net Position Restricted for Pension Benefits									
	\$4,649,206	\$1,075,594	\$687,922	\$1,747,325	\$688,863	\$277,753	\$9,126,660	\$8,016,513	

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

- 1) The variance is a result of continuous fluctuation of deposits and transactions that flow through the cash account. As a result of an Internal Audit finding, we continue to evaluate the optimum cash balances at JP Morgan Chase.
- 2) 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.
- 3) The variance in Investment Accounts Receivable is due to pending trades.
- 4) The decrease in Accounts Receivable is due to a decrease in the month end accrual for member and employer contributions.
- 5) The increase in Core Fixed Income is a result of additional funding and favorable market conditions.
- 6) The increase in Specialty Credit is a result of additional funding and favorable market conditions.
- 7) The variance in Derivatives is a result of hedging and arbitration of risk within the portfolios.
- 8) The increase in Real Return is a result of additional funding of new managers and favorable market conditions.
- 9) The variance is a result of the demand of the Securities Lending Program.
- 10) The variance in Accounts Payable is due to an increase in the payroll and leave liability accrual as well as an increase in outstanding credit invoices for the period.
- 11) The variance in Investment Accounts Payable is due to pending trades.
- 12) The variance is a result of the demand of the Securities Lending Program.

Combining Statement of Changes In Fiduciary Net Position										
For the six month period ending December 31, 2024, with Comparative Totals for the six month period ending December 31, 2023 (\$ in Thousands) (Unaudited)										
	Pension			Insurance			KRS Total			
	KERS Nonhazardous	KERS Hazardous	SPRS	KERS Nonhazardous	KERS Hazardous	SPRS	2025	2024		
ADDITIONS										
Member Contributions	\$51,768	\$11,052	\$2,991	\$-	\$-	\$-	\$65,812	\$61,022	7.85%	
Employer Contributions	74,853	35,601	25,517	14,819	1	858	151,650	177,318	(14.48)%	1
Actuarially Accrued Liability Contributions	431,623	-	-	860	-	-	432,483	492,938	(12.26)%	2
General Fund Appropriations	149,999	-	12,500	-	-	-	162,499	120,000	35.42%	3
Pension Spiking Contributions	8	-	-	-	-	-	8	10	(22.78)%	
Health Insurance Contributions (HB1)	(16)	(7)	(6)	5,962	1,099	220	7,252	6,333	14.51%	
Humana Gain Share Payment	-	-	-	-	-	-	-	9,481		4
Medicare Drug Reimbursement	-	-	-	2	-	-	2	2	0.00%	
Insurance Premiums	-	-	-	13	(8)	(8)	(2)	63	103.67%	
Retired Reemployed Healthcare	-	-	-	4,240	1,066	18	5,324	4,339	22.72%	
Total Contributions	708,236	46,646	41,002	25,897	2,158	1,089	825,027	871,507		
INVESTMENT INCOME										
From Investing Activities										
Net Appreciation (Depreciation) in FV of Investments	119,999	33,312	17,938	56,727	21,262	8,527	257,767	266,006	3.10%	
Interest/Dividends	79,556	18,732	12,022	31,282	11,692	4,751	158,036	132,495	19.28%	5
Total Investing Activities Income (loss)	199,555	52,044	29,960	88,010	32,955	13,278	415,803	398,501		
Less: Investment Expense	12,344	3,421	1,714	5,390	2,443	996	26,308	20,191	30.30%	6
Less: Performance Fees	5,304	1,233	605	2,121	1,103	401	10,766	5,984	79.92%	7
Net Income (loss) from Investing Activities	181,908	47,390	27,642	80,499	29,409	11,882	378,729	372,326		
From Securities Lending Activities										
Securities Lending Income	3,337	811	562	1,257	374	170	6,509	3,766		
Less: Securities Lending Borrower Rebates (Income)/Expense	2,952	723	497	1,115	330	151	5,767	3,267		
Less: Securities Lending Agent Fees	58	13	10	21	7	3	111	75		
Net Income from Securities Lending	328	75	55	121	37	17	631	424	48.71%	
Net Investment Income (loss)	182,235	47,464	27,696	80,619	29,447	11,898	379,360	372,750		
Total Additions	890,471	94,110	68,698	106,516	31,604	12,987	1,204,387	1,244,257	(3.20)%	

Combining Statement of Changes In Fiduciary Net Position Continued

For the six month period ending December 31, 2024, with Comparative Totals for the six month period ending December 31, 2023 (\$ in Thousands) (Unaudited)


	Pension			Insurance			KRS Total		
	KERS	KERS	SPRS	KERS	KERS	SPRS	2025	2024	
	Nonhazardous	Hazardous		Nonhazardous	Hazardous				
DEDUCTIONS									
Benefit Payments	525,536	44,514	33,555	-	-	-	603,605	584,160	3.33%
Refunds	6,541	3,143	284	-	-	-	9,968	7,473	33.40% 8
Administrative Expenses	6,759	781	152	347	58	36	8,134	7,857	3.52%
Healthcare Premiums Subsidies	-	-	-	49,739	10,557	7,275	67,571	58,536	15.43% 9
Self Funded Healthcare	-	-	-	1,199	43	14	1,257	923	36.22%
Excise Tax	-	-	-	-	-	-	-	3	
Total Deductions	538,836	48,437	33,991	51,285	10,659	7,325	690,534	658,952	
Net Increase (Decrease) in Fiduciary Net Position Restricted for Pension Benefits	351,635	45,673	34,707	55,231	20,945	5,662	513,853	585,305	
Total Fiduciary Net Position Restricted for Pension Benefits									
Beginning of Period	4,297,571	1,029,921	653,216	1,692,094	667,917	272,090	8,612,809	7,431,208	
End of Period	\$4,649,206	\$1,075,594	\$687,922	\$1,747,325	\$688,863	\$277,753	\$9,126,662	\$8,016,513	13.85%


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

- 1) The decrease in Employer Contributions is due to a decrease in the employer contribution rates across all plans.
- 2) The decrease in AALC is due to the improved funding status of KERS Nonhazardous causing a decrease in required Actuarially Accrued Liability Contributions.
- 3) General Fund Appropriations will vary year to year based on legislated funding.
- 4) The Humana Gain Share payment will fluctuate year to year based on claims paid.
- 5) The increase in Interest/Dividend Income is largely from Specialty Credit, Real Estate, and Core Fixed Income.
- 6) The increase in Investment expenses is a result of additional investments and appreciation of current investments increasing fees based on MV largely from the Specialty Credit asset class.
- 7) The increase in performance fees is a result of gains primarily from the Real Return and Private Equity asset classes.
- 8) Active Member Termination Refunds increased this period across all plans.
- 9) Healthcare Premiums Subsidies increased due to an increase in premiums paid for 65 and older retirees.

KRS Contribution Report

For the six month period ending December 31, 2024, with comparative totals for the six month period ending December 31, 2023 (\$ in Millions)

	Kentucky Employees Retirement System				State Police Retirement System	
	Nonhazardous		Hazardous			
	Pension					
	FY25	FY24	FY25	FY24	FY25	FY24
 Member Contributions	\$51.8	\$47.6	\$11.0	\$10.7	\$3.0	\$2.7
Employer Contributions	74.9	76.5	35.6	44.4	25.5	31.0
AALC	431.6	449.1	-	-	-	-
General Fund Appropriations	150.0	120.0	-	-	12.5	-
Net Investment Income	62.2	54.2	14.2	12.5	9.8	9.5
Total Inflows	770.5	747.4	60.8	67.6	50.8	43.2
Benefit Payments/Refund	532.1	518.2	47.7	41.7	33.8	31.8
Administrative Expenses	6.8	6.5	0.8	0.7	0.2	0.2
Total Outflows	538.9	524.7	48.5	42.4	34.0	32.0
NET Contributions	231.6	222.7	12.3	25.2	16.8	11.2
Realized Gain/(Loss)	79.7	(21.8)	23.8	1.9	12.2	(2.8)
Unrealized Gain/(Loss)	40.3	141.9	9.5	33.8	5.7	22.5
Change in Net Position	351.6	342.8	45.6	60.9	34.7	30.9
Beginning of Period	4,297.6	3,607.2	1,029.9	902.6	653.2	592.8
End of Period	\$4,649.2	\$3,950.0	\$1,075.5	\$963.5	\$687.9	\$623.7
Net Contributions less Net Investment Income	\$169.4	\$168.5	\$(1.9)	\$12.7	\$7.0	\$1.7
Cash Flow as % of Net Assets	3.64%	4.27%	(0.18)%	1.32%	1.02%	0.27%
Net Investment Income	\$62.2	\$54.2	\$14.2	\$12.5	\$9.8	\$9.5
Yield as % of Net Assets	1.34%	1.37%	1.32%	1.30%	1.42%	1.53%

	Kentucky Employees Retirement System				State Police Retirement System	
	Nonhazardous		Hazardous			
	Insurance					
	FY25	FY24	FY25	FY24	FY25	FY24
 Employer Contributions	\$14.8	\$20.4	\$-	\$-	\$0.9	\$5.0
AALC	0.9	43.8	-	-	-	-
Insurance Premiums	-	0.1	-	-	-	-
Humana Gain Share	-	8.4	-	0.7	-	0.4
Retired Reemployed Healthcare	4.2	3.4	1.0	0.9	-	-
Health Insurance Contributions	6.0	5.1	1.1	1.0	0.2	0.2
Net Investment Income	23.9	20.2	8.2	7.4	3.4	3.1
Total Inflows	49.8	101.4	10.3	10.0	4.5	8.7
Healthcare Premiums	50.9	43.2	10.6	9.5	7.3	6.8
Administrative Expenses	0.4	0.4	0.1	0.1	0.0	0.0
Total Outflows	51.3	43.6	10.7	9.6	7.3	6.8
NET Contributions	(1.5)	57.8	(0.4)	0.4	(2.8)	1.9
Realized Gain/(Loss)	41.8	3.2	16.9	2.3	6.8	1.0
Unrealized Gain/(Loss)	14.9	54.1	4.4	21.6	1.7	8.4
Change in Net Position	55.2	115.1	20.9	24.3	5.7	11.3
Beginning of Period	1,692.1	1,465.5	667.9	616.3	272.1	246.8
End of Period	\$1,747.3	\$1,580.6	\$688.8	\$640.6	\$277.8	\$258.1
Net Contributions less Net Investment Income	\$(25.4)	\$37.6	\$(8.6)	\$(7.0)	\$(6.2)	\$(1.2)
Cash Flow as % of Net Assets	(1.45)%	2.38%	(1.25)%	(1.09)%	(2.22)%	(0.48)%
Net Investment Income	\$23.9	\$20.2	\$8.2	\$7.4	\$3.4	\$3.1
Yield as % of Net Assets	1.37%	1.27%	1.19%	1.15%	1.21%	1.19%



KRS Outstanding Invoices by Type and Employer

Invoice Type	12/31/2024	9/30/2024	Change H/(L)
Actuarially Accrued Liability Contribution	\$5,232,518	\$4,815,381	9%
Employer Free Military and Decompression Service	48,608	45,258	7%
Member Pension Spiking Refund	(17,732)	(24,532)	(28)%
Monthly Reporting Invoice	(153,003)	(109,510)	40%
Penalty – Monthly Reporting	7,000	39,000	(82)%
Reinstatement	14,170	11,326	25%
Other Invoices**	(143,350)	(164,251)	(13)%
Total	4,988,211	4,612,672	
Health Insurance Reimbursement	864,159	386,167	124%
Omitted Employer	17,794	22,068	(19)%
Employer Pension Spiking*	183,808	201,454	(9)%
Standard Sick Leave	597,012	451,326	32%
USERRA Protected Military	35,030	35,030	0%
Total	1,697,803	1,096,044	55%
Grand Total	\$6,686,014	\$5,708,716	17%

*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; IPS Employer Refund; Penalty EOY Reporting; Personnel Adjustment; and, Refunded Member Contributions Due.

Employer Name (Top Ten)	12/31/2024	9/30/2024	Change H/(L)
Kentucky River Community Care Inc.***	\$5,077,030	\$4,714,290	8%
Kentucky State Police	235,770	(2,403)	9913%
Dept. for Behavioral Health Dev. Intell. Disabilities	180,160	176,121	2%
Department of Highways	165,148	(55,706)	396%
Department for Community Based Services	157,973	92,253	71%
Seven County Services, Inc.***	153,150	151,493	1%
Municipal Electric Power Association of Kentucky***	108,672	88,797	22%
Unified Prosecutorial System	98,082	97,541	1%
Judicial Dept Admin Office of the Courts	69,861	-	100%
Department of Parks	\$67,103	\$30,316	121%

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

	Total Unpaid Balance	Invoice Count
KERS	6,504,124	864
KERH	179,680	28
SPRS	2,210	7
Grand Total:	\$6,686,014	899

KRS Board Meeting - Quarterly Financial Reports

As of February 28, 2025				
KRS TOTAL				
PAST DUE INVOICES	628 Invoices Past Due	Across 82 Employers		Totaling \$ 6,989,131.09
KERS-NonHazardous				
As of February 28, 2025	599 Invoices Past Due	Across 79 Employers		Totaling \$ 6,878,246.46
0-90 Days Past Due	99	46	46	\$ 1,587,942.66
91-180 Days Past Due	40	21	52	\$ 449,590.15
181-360 Days Past Due	61	23	62	\$ 734,605.57
1-2 years Past Due	87	23	67	\$ 1,596,656.72
2-3 Years Past Due	43	14	68	\$ 1,463,879.45
3-5 Years Past Due	65	18	73	\$ 866,609.57
Over 5 Years Past Due	204	17	79	\$ 178,962.34
KERS Hazardous				
PAST DUE INVOICES	23 Invoices Past Due	Across 8 Employers		Totaling \$ 110,535.72
0-90 Days Past Due	2	2	2	\$ 14,622.18
91-180 Days Past Due	3	2	4	\$ 3,376.50
181-360 Days Past Due	6	3	5	\$ (2,117.92)
1-2 years Past Due	9	3	7	\$ 88,246.45
2-3 Years Past Due	0	0	7	\$ -
3-5 Years Past Due	0	0	7	\$ -
Over 5 Years Past Due	3	2	8	\$ 6,408.51
SPRS				
PAST DUE INVOICES	6 Invoices Past Due	Across 1 Employer		Totaling \$ 348.91
0-90 Days Past Due	1	1	1	\$ 1,861.52
91-180 Days Past Due	4	1	1	\$ (1,391.28)
181-360 Days Past Due	1	1	1	\$ (121.33)
1-2 years Past Due	0	0	1	\$ -
2-3 Years Past Due	0	0	1	\$ -
3-5 Years Past Due	0	0	1	\$ -
Over 5 Years Past Due	0	0	1	\$ -
As of June 30, 2024				
KRS TOTAL				
PAST DUE INVOICES	1142 Invoices Past Due	Across 105 Employers		Totaling \$ 7,165,758.78
KERS-NonHazardous				
PAST DUE INVOICES	1089 Invoices Past Due	Across 102 Employers		Totaling \$ 7,035,636.51
0-90 Days Past Due	137	51	51	\$ 1,886,415.83
91-180 Days Past Due	91	31	63	\$ 973,514.14
181-360 Days Past Due	144	35	77	\$ 952,212.85
1-2 years Past Due	143	29	83	\$ 1,699,944.58
2-3 Years Past Due	77	24	87	\$ 1,249,875.99
3-5 Years Past Due	123	30	95	\$ 75,883.46
Over 5 Years Past Due	374	27	102	\$ 197,789.66
KERS Hazardous				
PAST DUE INVOICES	31 Invoices Past Due	Across 9 Employers		Totaling \$ 136,074.82
0-90 Days Past Due	12	5	5	\$ 17,878.74
91-180 Days Past Due	1	1	6	\$ 9,680.37
181-360 Days Past Due	6	2	6	\$ 9,968.91
1-2 years Past Due	8	2	6	\$ 82,070.96
2-3 Years Past Due	0	0	6	\$ -
3-5 Years Past Due	1	1	7	\$ 6,687.27
Over 5 Years Past Due	3	3	9	\$ 9,788.57
SPRS				
PAST DUE INVOICES	22 Invoices Past Due	Across 1 Employer		Totaling \$ (5,952.55)
0-90 Days Past Due	4	1	1	\$ 124.57
91-180 Days Past Due	4	1	1	\$ (2,967.05)
181-360 Days Past Due	6	1	1	\$ (560.15)
1-2 years Past Due	8	1	1	\$ (2,549.92)
2-3 Years Past Due	0	0	1	\$ -
3-5 Years Past Due	0	0	1	\$ -
Over 5 Years Past Due	0	0	1	\$ -



KENTUCKY PUBLIC PENSIONS AUTHORITY

**Penalty Invoices Report
From: 10/1/2024 To: 12/31/2024**

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	\$-	\$-	11/26/2024	10/9/2022	CANC	County Attorneys	Executive management determination
1,000	-	-	11/26/2024	3/16/2023	CANC	County Attorneys	Executive management determination
1,000	-	-	11/26/2024	3/16/2023	CANC	County Attorneys	Executive management determination
1,000	-	-	11/26/2024	3/16/2023	CANC	County Attorneys	Executive management determination
1,000	-	-	11/26/2024	3/16/2023	CANC	County Attorneys	Executive management determination
1,000	-	-	11/26/2024	3/16/2023	CANC	County Attorneys	Executive management determination
1,000	-	-	11/26/2024	3/16/2023	CANC	County Attorneys	Executive management determination
1,000	-	-	11/26/2024	3/16/2023	CANC	County Attorneys	Executive management determination
1,000	-	-	11/26/2024	3/31/2023	CANC	County Attorneys	Executive management determination
1,000	-	-	10/21/2024	7/6/2023	CANC	County Attorneys	KPPA system issue
1,000	-	-	11/26/2024	7/30/2023	CANC	County Attorneys	Executive management determination
1,000	-	-	11/26/2024	7/30/2023	CANC	County Attorneys	Executive management determination
1,000	-	-	11/26/2024	7/30/2023	CANC	County Attorneys	Executive management determination
1,000	-	-	11/26/2024	7/30/2023	CANC	County Attorneys	Executive management determination
1,000	-	-	11/26/2024	7/30/2023	CANC	County Attorneys	Executive management determination
1,000	-	-	11/26/2024	7/30/2023	CANC	County Attorneys	Executive management determination
1,000	-	-	11/26/2024	9/16/2023	CANC	County Attorneys	Executive management determination
1,000	-	-	11/26/2024	9/17/2023	CANC	County Attorneys	Executive management determination
1,000	-	-	11/26/2024	11/4/2023	CANC	County Attorneys	Executive management determination
1,000	-	-	12/11/2024	1/2/2025	CANC	Master Commissioner	Employer in good standing with KPPA
Total	\$20,000	\$-	\$-				
Total	\$-	\$-	\$-			CRTD	
\$1,000	\$-	\$-	10/24/2024	11/20/2021	PAID	County Attorneys	
1,000	-	-	10/24/2024	1/7/2022	PAID	County Attorneys	
1,000	-	-	10/24/2024	4/8/2022	PAID	County Attorneys	
1,000	-	-	10/24/2024	5/18/2022	PAID	County Attorneys	



KENTUCKY PUBLIC PENSIONS AUTHORITY

**Penalty Invoices Report
From: 10/1/2024 To: 12/31/2024**

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	-	-	10/24/2024	5/25/2022	PAID	County Attorneys	
1,000	-	-	11/26/2024	6/9/2022	PAID	County Attorneys	
1,000	-	-	11/26/2024	6/15/2022	PAID	County Attorneys	
1,000	-	-	11/26/2024	6/15/2022	PAID	County Attorneys	
1,000	-	-	11/18/2024	10/9/2022	PAID	County Attorneys	
1,000	-	-	11/18/2024	10/9/2022	PAID	County Attorneys	
1,000	-	-	11/26/2024	12/28/2022	PAID	County Attorneys	
1,000	-	-	11/26/2024	3/22/2023	PAID	County Attorneys	
1,000	-	-	12/17/2024	3/22/2023	PAID	County Attorneys	
1,000	-	-	12/17/2024	4/23/2023	PAID	County Attorneys	
1,000	-	-	12/17/2024	5/11/2023	PAID	County Attorneys	
1,000	-	-	12/17/2024	5/11/2023	PAID	County Attorneys	
1,000	-	-	12/17/2024	7/26/2023	PAID	County Attorneys	
1,000	-	-	12/17/2024	8/26/2023	PAID	County Attorneys	
1,000	-	-	12/17/2024	11/16/2023	PAID	County Attorneys	
1,010	-	-	10/28/2024	10/18/2024	PAID	Universities	
1,000	-	-	12/6/2024	11/15/2024	PAID	County Attorneys	
1,022	-	-	11/14/2024	11/27/2024	PAID	Universities	
1,000	-	-	12/11/2024	12/18/2024	PAID	Health Departments	
1,000	-	-	12/11/2024	12/18/2024	PAID	Health Departments	
Total	\$24,032	\$-	\$-				

Notes:

Invoice Status:

CANC - Cancelled

CRTD - Created

PAID - Paid

KPPA ADMINISTRATIVE BUDGET FY 2024-2025						
BUDGET-TO-ACTUAL SUMMARY ANALYSIS						
FOR THE SIX MONTHS ENDING DECEMBER 31, 2024, WITH COMPARATIVE TOTALS FOR THE SIX MONTHS ENDING DECEMBER 31, 2023						
CATEGORY	BUDGETED	FY 2025 EXPENSE	REMAINING	PERCENT REMAINING	FY 2024 EXPENSE	PERCENT DIFFERENCE
PERSONNEL	\$36,798,000	\$17,467,495	\$19,330,505	52.53%	\$16,870,195	3.54%
LEGAL CONTRACTS	2,030,000	884,509	1,145,491	56.43%	578,954	52.78%
AUDITING	300,000	98,496	201,504	67.17%	214,821	(54.15)%
ACTUARIAL SERVICES	525,000	100,628	424,372	80.83%	190,067	(47.06)%
MEDICAL REVIEWERS	1,800,000	562,150	1,237,850	68.77%	693,145	(18.90)%
OTHER PERSONNEL	510,000	173,438	336,562	65.99%	145,071	19.55%
PERSONNEL TOTAL	\$41,963,000	\$19,286,716	\$22,676,285	54.04%	\$18,692,253	3.18%
RENTALS - BUILDING & EQUIPMENT	1,175,000	518,062	656,938	55.91%	525,891	(1.49)%
INFORMATION TECHNOLOGY	4,230,000	1,598,800	2,631,200	62.20%	1,312,370	21.83%
OTHER OPERATIONAL	1,397,500	435,168	962,332	68.86%	441,129	(1.35)%
OPERATIONAL TOTAL	\$6,802,500	\$2,552,030	\$4,250,470	62.48%	\$2,279,390	11.96%
RESERVE	216,000	-	216,000	100.00%	-	0.00%
ADMINISTRATIVE BUDGETED AMOUNT	\$48,981,500	\$21,838,746	\$27,142,755	55.41%	\$20,971,643	4.13%

Administrative Budget Summary Notes

KPPA has spent \$17.5 million in through quarter two, which is 48.47% of the entire budget (leaving 51.53%), and is 3.53% higher than last years quarter two total.

Last Quarter, we pointed out that one item was close to its annual budget, workers comp. This is budgeted at \$15K and we have been billed our annual premium of \$12.5K (likely leaving us \$2.5K under budget for the year). This item and two other items, Employer Paid Health Insurance and Employer Paid Life Insurance, are the only other line items currently over 50%(slightly) through two quarters.

PERSONNEL (Staffing):

KPPA has spent \$885K or 43.57% of the annual budget (leaving 56.43%), prior years amount through two quarters was \$579K.

LEGAL CONTRACTS:

All other personnel categories were under budget through the second quarter, bringing the total personnel category to \$19.3M or 46% of the total personnel budget (leaving 54.04% left to spend. This was 3.18% or \$594K higher than the prior year.

OTHER PERSONNEL CATEGORIES:

KPPA spent \$2.6M in the operations category leaving 62.48% of the budget for the next two quarters.

OPERATIONAL TOTAL:

The total administrative expenses through quarter two were \$21.8M, which was 4.13% higher than the prior year comparison, leaving 55.41% (or \$27M) of the original \$49M budget.

OVERALL:

KPPA ADMINISTRATIVE BUDGET FY 2024-2025						
BUDGET-TO-ACTUAL ANALYSIS						
FOR THE SIX MONTHS ENDING DECEMBER 31, 2024, WITH COMPARATIVE TOTALS FOR THE SIX MONTHS ENDING DECEMBER 31, 2023						
Account Name	Budgeted	FY 2025 Expense	Remaining	Percent Remaining	FY 2024 Expense	Percent Difference
PERSONNEL						
Staff						
Salaries/Wages	\$21,138,000	\$10,091,272	\$11,046,728	52.26%	\$8,909,245	13.27%
Wages (Overtime)	310,000	104,257	205,743	66.37%	133,960	(22.17)%
Emp Paid FICA	1,641,000	721,822	919,178	56.01%	639,447	12.88%
Emp Paid Retirement	10,511,000	4,931,455	5,579,545	53.08%	5,864,267	(15.91)%
Emp Paid Health Ins	2,875,000	1,515,566	1,359,434	47.28%	1,265,934	19.72%
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%	-	100.00%
Emp Paid Life Ins	3,000	1,540	1,460	48.67%	1,494	3.08%
Employee Training	25,000	5,351	19,649	78.60%	5,511	(2.90)%
Tuition Assistance	10,000	-	10,000	100.00%	-	0.00%
Bonds	-	-	-	0.00%	-	0.00%
Staff Subtotal	36,798,000	17,467,495	19,330,505	51.53%	16,871,195	3.53%
LEGAL & AUDITING SERVICES						
Legal Hearing Officers	270,000	90,948	179,052	66.32%	111,175	(18.19)%
Legal (Stoll, Keenon)	250,000	-	250,000	100.00%	7,847	(100.00)%
Frost Brown	1,000,000	420,639	579,361	57.94%	265,426	58.48%
Reinhart	50,000	-	50,000	100.00%	-	0.00%
Ice Miller	300,000	199,704	100,296	33.43%	154,040	29.64%
Johnson, Bowman, Branco LLC	100,000	51,274	48,726	48.73%	37,638	36.23%
Dentons Bingham & Greenbaum	50,000	61,380	(11,380)	(22.76)%	2,828	0.00%
Legal Expense	10,000	60,564	(50,564)	(505.64)%	-	100.00%
Auditing	300,000	98,496	201,504	67.17%	214,821	100.00%
Total Legal & Auditing Services	2,330,000	983,005	1,346,995	57.81%	793,774	23.84%
CONSULTING SERVICES						
Medical Reviewers	1,800,000	562,150	1,237,850	68.77%	693,145	(18.90)%
Escrow for Actuary Fees	-	-	-	0.00%	(500)	0.00%
Total Consulting Services	1,800,000	562,150	1,237,850	68.77%	692,645	(18.84)%
CONTRACTUAL SERVICES						
Miscellaneous Contracts	425,000	145,468	279,532	65.77%	125,434	15.97%
Human Resources Consulting	10,000	-	10,000	100.00%	-	0.00%
Actuarial Services	525,000	100,628	424,372	80.83%	190,067	0.00%
Facility Security Charges	75,000	27,970	47,030	62.71%	20,137	38.90%
Contractual Subtotal	1,035,000	274,066	760,934	73.52%	335,638	(18.34)%
PERSONNEL SUBTOTAL	\$41,963,000	\$19,286,716	\$22,676,284	54.04%	\$18,692,253	3.18%
OPERATIONAL						
Natural Gas	45,000	7,340	37,660	83.69%	7,164	2.46%
Electric	130,000	62,027	67,973	52.29%	58,606	5.84%
Rent-Non State Building	80,000	-	80,000	100.00%	-	0.00%
Building Rental - PPW	1,000,000	480,984	519,016	51.90%	480,985	(0.00)%
Copier Rental	90,000	33,993	56,007	62.23%	42,579	(20.16)%
Rental Carpool	5,000	3,085	1,915	38.30%	2,327	32.57%
Vehicle/Equip. Maint.	1,300	21,048	(19,748)	(1519.05)%	-	0.00%

KPPA ADMINISTRATIVE BUDGET 2024-25						
BUDGET-TO-ACTUAL ANALYSIS						
FOR THE SIX MONTHS ENDING DECEMBER 31, 2024, WITH COMPARATIVE TOTALS FOR THE SIX MONTHS ENDING DECEMBER 31, 2023						
Account Name	Budgeted	FY 2025 Expense	Remaining	Percent Remaining	FY 2024 Expense	Percent Difference
Postage	450,000	38,226	411,774	91.51%	148,193	(74.21)%
Freight	200	-	200	100.00%	-	0.00%
Printing (State)	15,000	50	14,950	99.67%	200	100.00%
Printing (non-state)	85,000	16,822	68,178	80.21%	20,231	0.00%
Insurance	7,500	12,692	(5,192)	(69.23)%	5,090	149.35%
Garbage Collection	7,000	3,293	3,707	52.96%	3,391	(2.89)%
Conference Expense	45,000	18,926	26,074	57.94%	11,177	69.33%
Conference Exp. Investment	2,000	-	2,000	100.00%	-	0.00%
Conference Exp. Audit	3,000	-	3,000	100.00%	-	0.00%
MARS Usage	50,000	29,355	20,645	41.29%	13,550	116.64%
COVID-19 Expenses	-	-	-	0.00%	-	0.00%
Office Supplies	90,000	23,187	66,813	74.24%	23,460	(1.16)%
Furniture & Office Equipment	30,000	1,606	28,394	94.65%	-	100.00%
Travel (In-State)	15,500	6,456	9,044	58.35%	7,080	(8.81)%
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	33,200	43,800	56.88%	35,235	(5.78)%
Travel (Out of State) Investment	135,000	7,983	127,017	94.09%	14,535	(45.08)%
Travel (Out of State) Audit	3,000	-	3,000	100.00%	-	0.00%
Dues & Subscriptions	69,000	41,566	27,434	39.76%	37,372	11.22%
Dues & Subscriptions Invest	15,000	6,360	8,640	57.60%	14,321	(55.59)%
Dues & Subscriptions Audit	1,000	-	1,000	100.00%	-	0.00%
Miscellaneous	55,000	61,651	(6,651)	(12.09)%	17,430	253.71%
Miscellaneous Investment	-	-	-	0.00%	90	0.00%
Miscellaneous Audit	-	-	-	0.00%	-	0.00%
COT Charges	40,000	8,167	31,833	79.58%	7,622	7.15%
Telephone - Wireless	10,000	3,760	6,240	62.40%	4,305	(12.66)%
Telephone - Other	90,000	67,027	22,973	25.53%	42,947	56.07%
Telephone - Video Conference	15,000	1,949	13,051	87.00%	-	100.00%
Computer Equip./Software	4,120,000	1,561,278	2,558,722	62.10%	1,291,198	20.92%
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	\$2,552,030	\$4,250,470	62.48%	\$2,279,390	11.96%
SUB-TOTAL	\$48,765,500	\$21,838,746	\$26,926,754	55.22%	\$20,971,643	4.13%
Reserve	216,000	-	216,000	100.00%	-	0.00%
TOTAL	\$48,981,500	\$21,838,746	\$27,142,754	55.41%	\$20,971,643	4.13%

Differences due to rounding

Plan	Budgeted	FY 2025 Expense	% of Total KPPA FY 2025 Expense
CERS Nonhazardous	\$28,899,085	\$12,884,860	59.00%
CERS Hazardous	2,527,445	1,126,879	5.16%
KERS Nonhazardous	15,436,030	6,882,262	31.514%
KERS Hazardous	1,771,661	789,907	3.617%
SPRS	347,279	154,837	0.709%
TOTAL	\$48,981,500	\$21,838,746	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			\$-
February-25			\$-
March-25			\$-
April-25			\$-
May-25			\$-
June-25			\$-
Total	\$-	\$(44,030)	\$(44,030)

**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					\$-
February-25					\$-
March-25					\$-
April-25					\$-
May-25					\$-
June-25					\$-
Total	\$137,611	\$97,059	\$55,728	\$2,925	\$293,322



MEMORANDUM

To: Kentucky Retirement Systems Board of Trustees

From: C. Prewitt Lane, Chair
Investment Committee

Date: March 12, 2025

Subject: Summary of Investment Committee Meeting

The Kentucky Retirement Systems Investment Committee held a regularly scheduled meeting on February 19, 2025.

1. The following actions were taken by the Investment Committee and are being forwarded to the Kentucky Retirement Systems Board of Trustees for ratification.*

- a. Unanimously approved Staff's recommendation to invest up to 6.25% of the total Global Public Equity allocation in the J.P. Morgan U.S. Large Cap Core Equity Strategy subject to successful contract negotiations. This investment would be part of the Global Public Equity asset allocation and would be allocated across all Pension and Insurance portfolios. Primary funding would come from retirement of the internal factor-based U.S. Large Cap portfolios with additional funding from the Internal S&P 500 portfolios.
- b. Unanimously approved Staff's recommendation to invest up to 6.25% of the total Global Public Equity allocation in the T. Rowe Price U.S. Structured Research Equity Strategy subject to successful contract negotiations. This investment would be part of the Global Public Equity asset allocation and would be allocated across all Pension and Insurance portfolios. Primary funding would come from retirement of the internal factor-based U.S. Large Cap portfolios with additional funding from the Internal S&P 500 portfolios.
- c. Unanimously approved Staff's recommendation to adopt the MSCI All Country World Investable Market Index (MSCI ACWI IMI) as the IPS performance benchmark for the Global Public Equity asset class.

RECOMMENDATIONS: The Investment Committee requests the Kentucky Retirement Systems Board of Trustees ratify the actions taken by the Investment Committee.

1. Investment Staff and Wilshire presented material** and discussed the following items during the Investment Committee meeting.

- a. Review of Economic Conditions, Market Activity and Outlook.
- b. Absolute and Relative Performance and Asset Allocations for the Pension and Insurance Portfolios for the Quarter ending December 31, 2024.

Quarter Ending December 31, 2024:

KERS Pension -0.88%
SPRS Pension -0.97%
Benchmark -0.34%

KERSH Pension -0.51%
KERS Insurance -0.62%
KERSH Insurance -0.34%
SPRS Insurance -0.41%
Benchmark 0.27%

- c. Performance Attribution – The largest contributor to outperformance was the relative performance in the Specialty Credit portfolio as managers produced positive excess performance across the board. Relative underperformance in the Public Equity portfolio as well as the underperformance of the Private Equity portfolio versus the public equity benchmark were the biggest drivers of underperformance during the quarter. The Private Equity portfolio underperformed its public market benchmark by 613bps during the quarter accounting for 50-75% of the total underperformance of the portfolios.
- d. Internal Portfolios – An update was provided on the performance of the internally managed passive and proxy portfolios. The portfolios performed in line with expectations and consistent with their mandates. The Real Estate and Real Return proxy portfolios produced negative performance during the quarter consistent with broader markets and their liquid investments. Longer term all proxy portfolios have produced strong relative performance contributing positively to overall portfolio performance.
- e. Peer Universe – All portfolios have continued to produce top decile or top quartile risk adjusted performance over 3 and 5-year time periods demonstrating the efficiency of their construction and management.
- f. Asset Allocations – Staff provided an update on the rebalancing activity and noted that as of the end of the Quarter, all asset classes were within their specified IPS allocation ranges with most asset classes within 1% of their Target Allocations.

2. Staff provided an update on the Investment Budget. As of the end of the second quarter of the Fiscal Year, expenditures totaled 48% of the amount budgeted or \$6.0MM. During the quarter there was an increase in Legal expenses as activity increased in several ongoing cases. Through the first two quarters of the fiscal year Investment Fees and Expenses across the Pension and Insurance Trusts were 31.1MM or 32% more than in the same period last year. The increase has been driven by the Expense category which has risen by 6.7MM and Performance fees which have increased 15.6MM. The total for Investment Advisory fees has increased 25% since FY2021, consistent with the 35% increase in total assets.
3. Investment Compliance Review – The Compliance Officer presented the new Quarterly Investment Compliance report and discussed enhancements to the process and reporting. As of the end of the Quarter there were no compliance violations reported.

**All material presented is available in Board Books and was reviewed at the Investment Committee meetings.

Kentucky Retirement Systems

Investment Review and Update

Quarter Ending: December 31, 2024


Pension Portfolios Performance

KERS, KERS-HAZ, & SPRS - PENSION FUND - PLAN NET RETURNS - 12/31/24											
Plan	Market Value	Month	3 Months	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	20 Years	30 Years	ITD
KERS	4,563,848,403.73	-1.76	-0.88	4.30	9.08	3.85	6.71	6.59	6.23	7.83	8.71
KY Ret. KERS Plan IPS Index		-0.97	-0.34	4.10	9.59	3.91	6.34	6.48	6.23	7.80	8.77
KERS- H	1,072,630,641.59	-1.77	-0.51	4.65	10.49	4.64	7.47	7.32	6.57	8.06	8.88
KY Ret. KERS Haz Plan IPS Index		-0.88	0.27	4.75	11.94	4.92	7.68	7.28	6.64	8.08	8.97
SPRS	685,796,136.01	-1.82	-0.97	4.26	8.96	4.20	6.77	6.60	6.21	7.82	8.70
KY Ret. SPRS Plan IPS Index		-0.97	-0.34	4.10	9.59	3.91	6.34	6.43	6.21	7.79	8.76
KPPA PENSION FUND UNIT - NET RETURNS - 12/31/24 - 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		-3.09	-1.55	5.04	15.22	4.43	9.28	8.86	7.40	9.16	10.37
MSCI ACWI		-2.37	-0.99	5.56	17.49	5.41	9.71	9.00	7.37	9.02	10.28
PRIVATE EQUITY		0.88	1.02	3.23	4.07	3.83	11.58	11.61	10.26		11.33
Russell 3000 + 3%(Qtr Lag)		2.38	7.00	11.34	38.19	13.36	18.31	15.97	12.84		12.92
SPECIALTY CREDIT		1.01	2.23	5.39	11.06	7.30	7.12				6.86
50% BB US HY / 50% Morningstar LSTA Lev'd Ln		0.07	1.22	4.92	8.59	5.00	5.07				5.06
CORE FIXED INCOME		-1.62	-2.92	2.06	1.76	0.93	1.85	2.46			2.70
Bloomberg US Aggregate		-1.64	-3.06	1.98	1.25	-2.41	-0.33	1.35			1.72
CASH		0.39	1.20	2.55	5.33	3.82	2.41	1.92	1.98	2.76	3.39
FTSE Treasury Bill-3 Month		0.39	1.23	2.61	5.45	4.05	2.54	1.79	1.63	2.41	3.02
REAL ESTATE		-0.80	-0.89	0.81	-4.52	0.33	5.05	7.58	6.88	5.99	6.14
NCREIF NFI-ODCE Net 1 Qtr in Arrears Index^		0.02	0.02	-0.64	-8.04	-1.04	2.05	5.16	5.65	7.01	5.87
REAL RETURN		-2.81	3.73	10.67	18.90	12.20	9.90	6.79			6.11
US CPI +3%		0.19	0.95	1.94	5.75	6.61	6.58	4.63			4.28

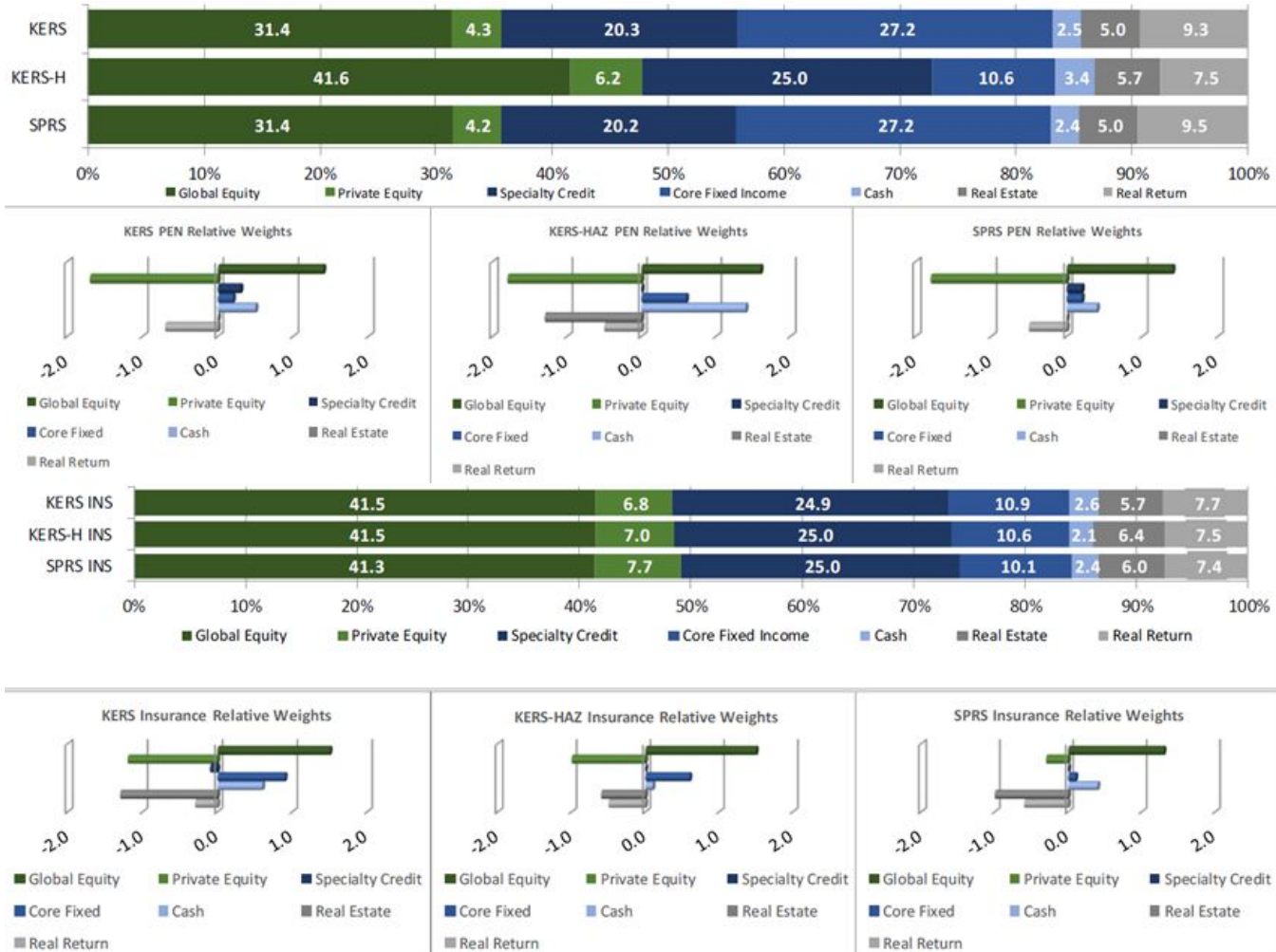
Insurance Portfolios Performance

KERS INS, KERS-HAZ INS, SPRS INS - INSURANCE FUND - PLAN NET RETURNS - 12/31/24											
Plan	Market Value	Month	3 Months	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	20 Years	30 Years	ITD
KERS INS	1,741,265,302.36	-1.79	-0.62	4.76	10.70	4.85	7.56	7.15	6.16	7.17	7.39
KY Ins. KERS Plan IPS Index		-0.88	0.27	4.75	11.94	4.94	7.63	7.25	6.42	7.58	7.73
KERS - H INS	688,366,546.75	-1.48	-0.34	4.40	10.36	4.86	7.53	7.36	6.31	7.27	7.47
KY Ins. KERS Haz Plan IPS Index		-0.88	0.27	4.75	11.94	4.94	7.52	7.24	6.41	7.57	7.73
SPRS INS	277,536,565.26	-1.50	-0.41	4.38	10.22	4.84	7.69	7.54	6.39	7.33	7.52
KY Ins. SPRS Plan IPS Index		-0.88	0.27	4.75	11.94	4.94	7.52	7.26	6.42	7.58	7.73
KPPA INSURANCE FUND UNIT - NET RETURNS - 12/31/24 - 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		-3.10	-1.64	4.89	14.95	4.35	9.22	8.87	7.30	8.90	8.84
MSCI ACWI		-2.37	-0.99	5.56	17.49	5.41	9.69	9.00	7.23	8.81	8.74
PRIVATE EQUITY		0.72	0.87	2.52	5.16	6.80	11.85	12.70	10.62		10.63
Russell 3000 + 3%(Qtr Lag)		2.38	7.00	11.34	38.19	13.36	18.31	15.97	12.54		12.51
SPECIALTY CREDIT		1.01	2.26	5.39	11.22	7.56	7.18				6.78
50% BB US HY / 50% Morningstar LSTA Lev'd Ln		0.07	1.22	4.92	8.59	5.00	5.07				5.06
CORE FIXED INCOME		-1.63	-2.94	2.02	1.66	0.72	1.65	2.37			2.44
Bloomberg US Aggregate		-1.64	-3.06	1.98	1.25	-2.41	-0.33	1.35			1.72
CASH		0.39	1.20	2.54	5.34	3.81	2.39	1.78	1.82	2.51	2.58
FTSE Treasury Bill-3 Month		0.39	1.23	2.61	5.45	4.05	2.54	1.79	1.63	2.41	2.50
REAL ESTATE		-0.74	-0.83	0.84	-4.63	0.16	4.92	7.59			7.98
NCREIF NFI-ODCE Net 1 Qtr in Arrears Index^		0.02	0.02	-0.64	-8.04	-1.04	2.05	5.16			4.67
REAL RETURN		-2.02	3.59	10.48	17.24	10.70	9.25	6.34			5.73
US CPI +3%		0.19	0.95	1.94	5.75	6.19	6.55	4.67			4.33

Internal Portfolios Performance

 Kentucky Retirement Systems Pension Monthly Internally Managed Portfolio Performance (Net of Fee) As of Date: 12/31/2024												
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	3,430,106,718.16	17.28	-2.35	2.44	8.47	25.02	9.03	14.75	13.23	10.60	9.33	2001-07-01
KY Ret. S&P Blend			-2.38	2.41	8.44	25.02	8.94	14.53	13.10	10.52		
Internal US Mid Cap	240,955,123.41	1.21	-7.13	0.44	7.42	14.43	5.61	11.05	10.18		10.43	2014-08-01
S&P MidCap 400 Index			-7.12	0.34		13.93	4.87	10.34	9.68			
Scientific Beta	279,193,536.38	1.41	-5.78	-0.61	7.38	15.77	4.60	9.50			10.82	2016-07-01
S&P 500 Index			-2.38	2.41		25.02	8.94	14.53				
PRIVATE EQUITY												
INTERNAL PRIVATE EQ	89,385,893.97	0.45	-1.91	2.04	7.27	18.31					17.30	2023-12-01
CORE FI												
INTERNAL CORE FI	998,575,671.19	5.03	-1.68	-3.08	2.04	1.34					4.23	2023-09-01
Bloomberg US Aggregate Bond Index			-1.64	-3.06	1.98	1.25					4.03	
REAL ESTATE												
INTERNAL REAL ESTATE	47,021,710.79	0.24	-8.17	-8.36	7.32	4.69					5.35	2023-12-01
NCREIF NFI-ODCE Net 1 Qtr in Arrears Index^			0.02	0.02	-0.64	-8.04						
REAL RETURN												
INTERNAL REAL RETURN	241,695,452.41	1.22	-8.39	-4.90	7.40	13.11					11.60	2023-12-01
KRS CPI + 300 bpts			0.19	0.95	1.94	5.75					5.34	
INTERNAL TIPS	144,047.17	0.00	0.39	1.20	2.54	5.31	4.03	2.55	2.47	3.41	4.25	2002-05-01
KR2 Internal US TIPS Blend			-0.81	-1.60	1.77	3.25	-0.06	2.75	2.56	3.41	4.25	
CASH ACCOUNT	522,394,476.29	2.63	0.39	1.20	2.55	5.33	3.82	2.41	1.92	1.98	3.39	1988-01-01
FTSE Treasury Bill-3 Month			0.39	1.23		5.45	4.05	2.54	1.79	1.63	3.02	

Allocations



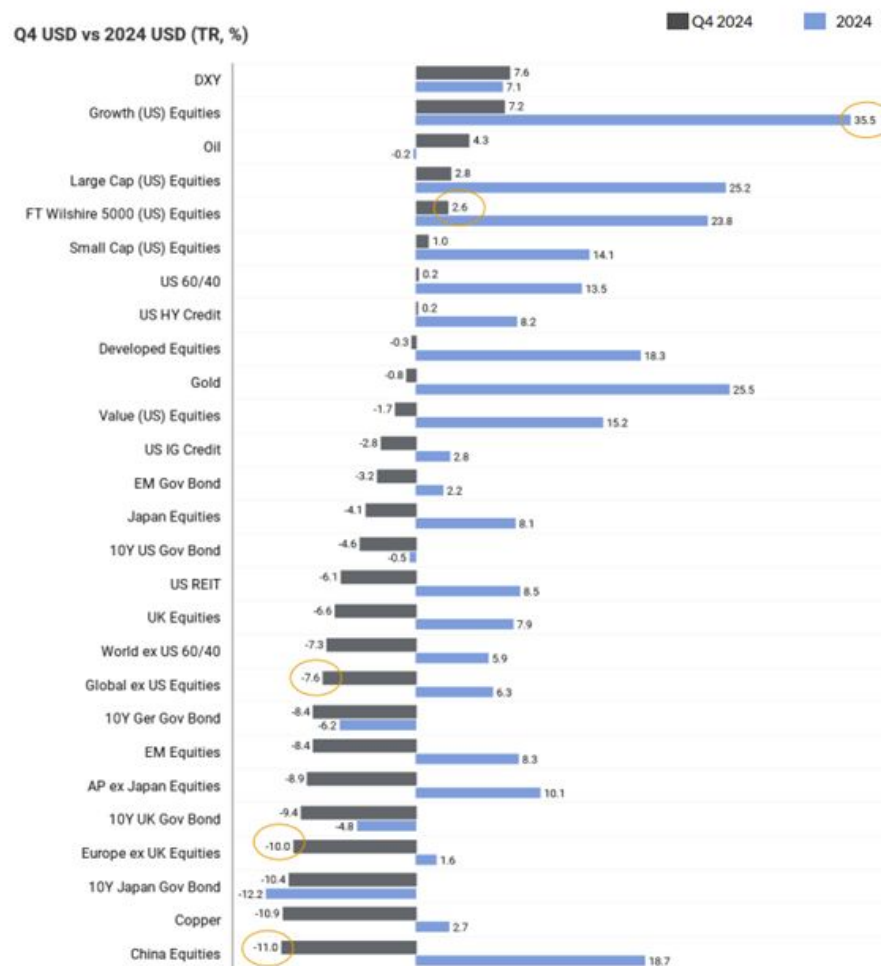
Performance Highlights

- The KRS Pension Composite produced a return of -0.83% for the quarter underperforming the blended benchmark return of -0.23%.
- The KRS Insurance Composite produced a return of -0.53% for the quarter versus the benchmark return of 0.27%.

KERS Pension -0.88%
SPRS Pension -0.97%
Benchmark -0.34%

KERSH Pension -0.51%
KERS Insurance -0.62%
KERSH Insurance -0.34%
SPRS Insurance -0.41%
Benchmark 0.27%

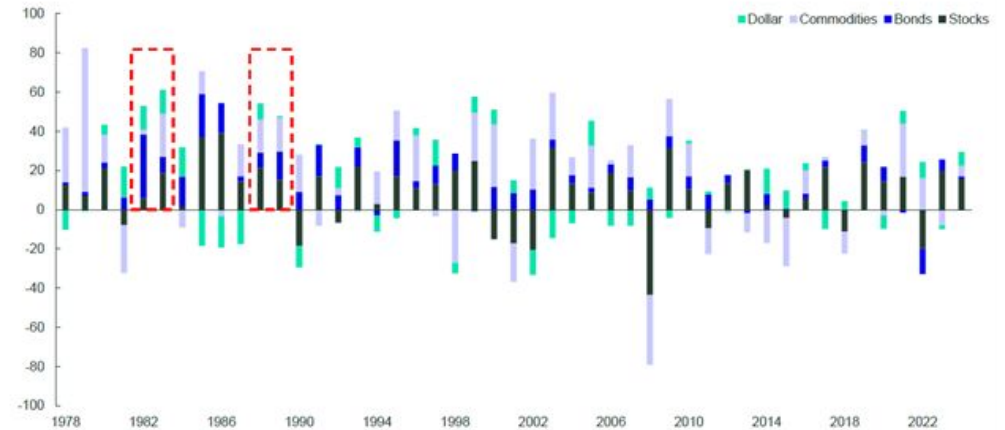
- Across portfolios, the largest contributor to outperformance was the relative outperformance in the Specialty Credit portfolio as managers produced positive excess performance across the board. Relative underperformance in the Public Equity portfolio as well as the underperformance of the Private Equity portfolio versus the public equity benchmark were the biggest drivers of underperformance during the quarter.
- Fiscal year to date, the KRS Pension Composite produced a return of 4.36% outperforming the blended benchmark by 15bps while the KRS Insurance Composite produced a return of 4.33% versus the blended benchmark return of 4.75%.



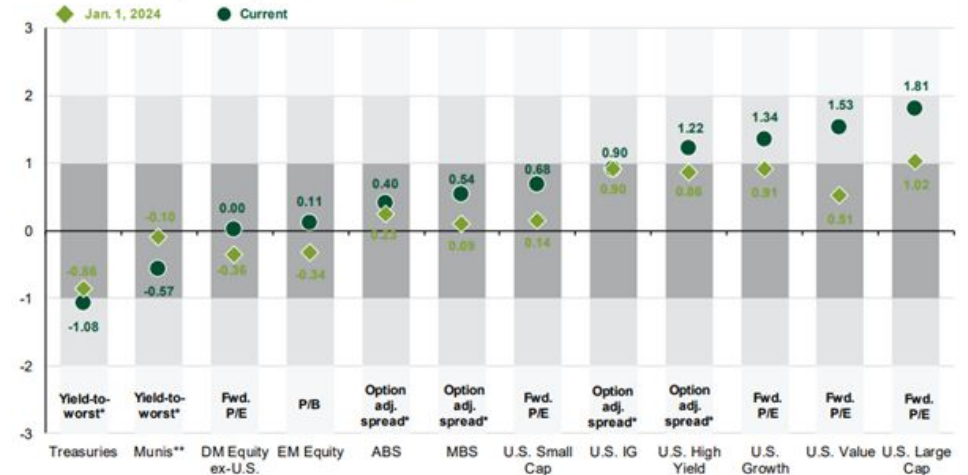
Performance Highlights

- Fiscal year to date, strong outperformance in the Real Return and Specialty Credit portfolios have been the most significant drivers of relative performance which has been partially offset by underperformance in the Public Equity and Private Equity portfolios.
- Risk markets struggled in December, failing to build on the “Trump bump” following the US election that saw markets surge especially segments seen as beneficiaries of lower taxes, regulatory rollbacks and protectionism.
- Despite the pullback late in the quarter, US Public Equities ended the quarter in the black as one of the few bright spots with NonUS Public Equities, Core Fixed Income, Real Estate and broad Commodities all falling during the quarter.
- For the calendar year, US public equities, bonds, commodities and the dollar all rallied which has only happened twice in the last 50 years.
- Markets grappled with numerous headwinds and unknowns in 2024; elections, geopolitical, uncertain fiscal policies and the uneven normalization of inflation and the labor markets all of which combined to keep fears of recession and stagflation elevated. Despite the uncertainty and volatility, markets were resilient with cross-asset volatility remaining extremely low.
- Uncertainty should remain high in 2025 with risks seemingly asymmetric as markets react to policy shifts and economic data underscoring the reality of a new macro environment with a wider range of possible outcomes and persistently high volatility.

Calendar Year Return (%)



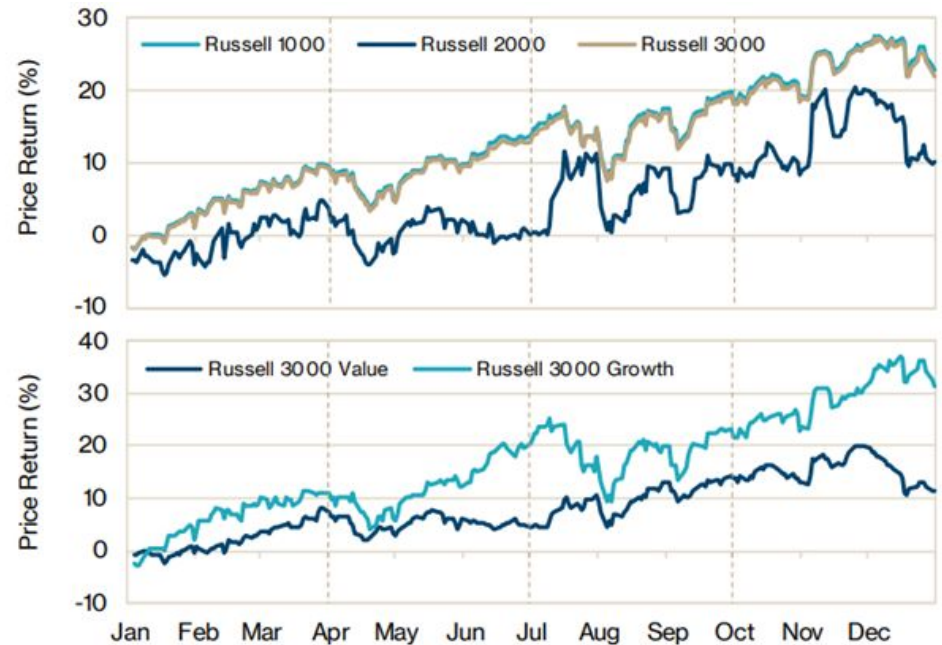
Asset class valuations
Z-scores based on 25-year average valuation measures



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.
- While the global rate-cutting cycle was broadly perceived as a tailwind for equities, valuations remain highly elevated and numerous global geopolitical risks remain, which could potentially be a trigger for a sharp correction in equity markets.
- The 4th quarter saw a continuation of style and market cap leadership in US Equity markets
 - Growth outpaced value by nearly 9% (R3000G: 6.82% vs R3000V: -1.94%)
 - Large cap extended dominance (SP500: 2.41% vs Midcap: 0.34% vs R2000: 0.33%)
 - Trump's election win drove a strong rally in response to optimism surrounding deregulation and fiscal reforms (tax cuts & pro-business policies)



Performance Highlights

Public Equities

- During calendar 2024, the S&P 500 hit 57 record highs and has delivered over 20% annualized for the past 2 years.
 - The economy exceeded expectations, inflation moved lower, large impact from AI-enthusiasm
 - Fed signaled a more accommodative policy (first cut in September)
 - Market was incredibly narrow, led by mega cap growth
 - Growth outpaced value (best 2-year stretch in history)
 - Small caps significantly lagged large caps (last 8 calendar years)

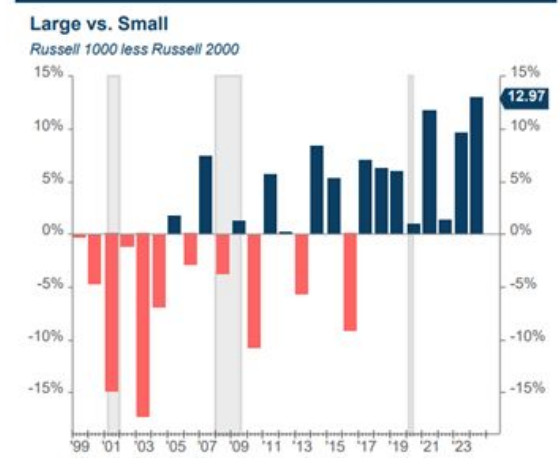
- In contrast, performance in International Public Equity markets was extremely negative for the quarter as growth weakened and political uncertainty persisted with meaningful losses from weakening foreign currencies exacerbating the losses.
 - Growth in Europe weakened
 - Germany faces higher energy costs and increased competition from China
 - Manufacturing and trade slowed in France
 - United Kingdom continued its growth due to a strong service sector leading to higher wages

Larger Growth Drove the Gains in '24



Source: Data Center as of 12/11/2024

Worst Year for Small vs. Large Since 1998



Source: FactSet as of 01/06/2025

Performance Highlights

Public Equities

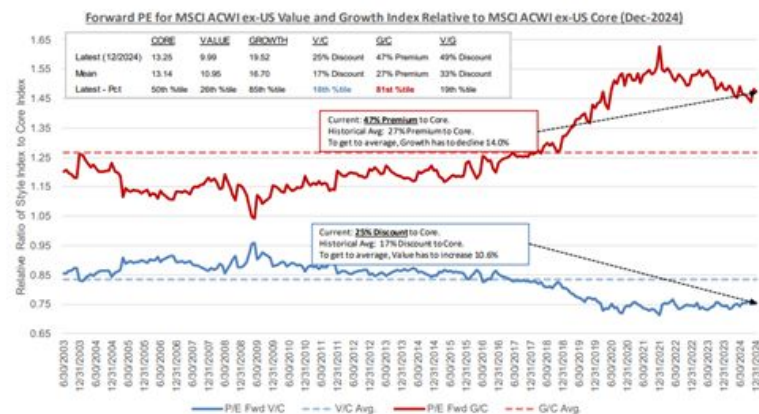
- Japan was one of the top performers
 - Exited deflationary spiral – nominal GDP has increased (inflation), price increases and wage growth
 - Improvements in corporate governance (efficiency and balance sheet restructuring) has led to higher ROE's
 - China has outperformed recently driven by policy initiatives to stabilize the economy
 - Growth is weak (structural overcapacity and weak real estate market) but government providing stimulus
 - Tariffs from US a looming threat to exports
 - India continues to demonstrate strong growth with significant investment in infrastructure and manufacturing, though investors must be cognizant of higher valuations
- International markets have been difficult to consistently add value actively due to higher intra stock correlations and lower correlations between EPS estimates and stock prices
 - This appears to be reverting providing a better market backdrop for stock picking
 - Growth continues to trade at a premium versus value at a discount with the spread consolidating to a degree over the past couple years but expanded in the last quarter.

Magnificent 7 Stocks More Than Doubled the Return of the 493



Source: Goldman Sachs Global Investment Research, Scott Rubner, as of 12/12/24.

Relative Valuations of Value vs. Growth at Extreme Levels



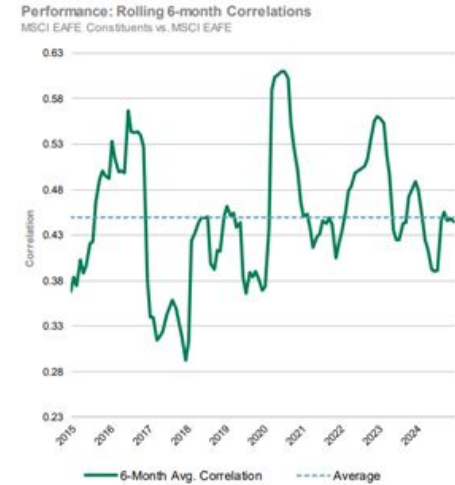
Value Equity

Data as of 12/31/2024. Source: ISEN, MSCI. This slide does not represent the composition of any ISEN portfolios.

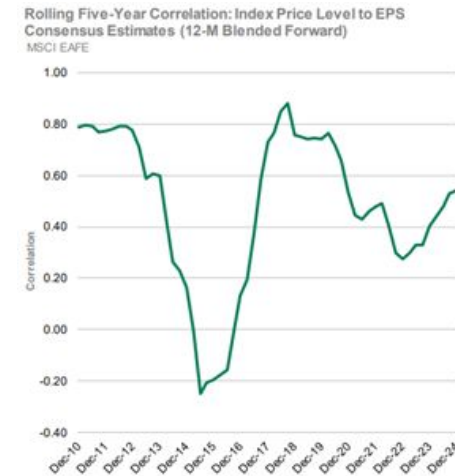
Performance Highlights

Public Equities

- The Global Public Equity portfolio returned -1.55% during the quarter versus its benchmark return of -0.99%.
 - The portfolio’s NonUS Equity tilt drove underperformance as these markets underperformed the US markets by over 10%
 - Performance was also hampered by the overweight to small caps relative to the benchmark
- For the quarter, the US Public Equity portfolio returned 2.50% versus its benchmark return of 2.63%.
 - Persistent style and size headwind hampered relative performance
 - Individual mandate performance remained strong with 5 of 7 mandates outperforming
- The NonUS Public Equity portfolio returned -7.80% versus the MSCI ACWI Ex-US index’s return of -7.61%.
- For the LTM the Global Public Equity portfolio returned 15.22% versus its benchmark return of 17.49% while the US Public Equity portfolio returned 23.00% versus its benchmark return of 23.81% and the NonUS Public Equity portfolio returned 3.76% versus the benchmark’s return of 5.23.



Data from: 12/31/2014 to 12/31/2024
Source: American Century Investments

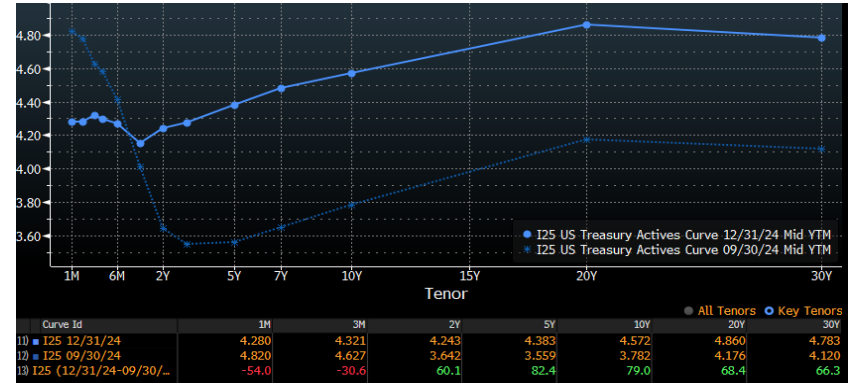


Data from: 3/31/2010 to 12/31/2024. Data in USD, using FactSet Consensus EPS Estimates
Source: FactSet

Performance Highlights

Core Fixed Income

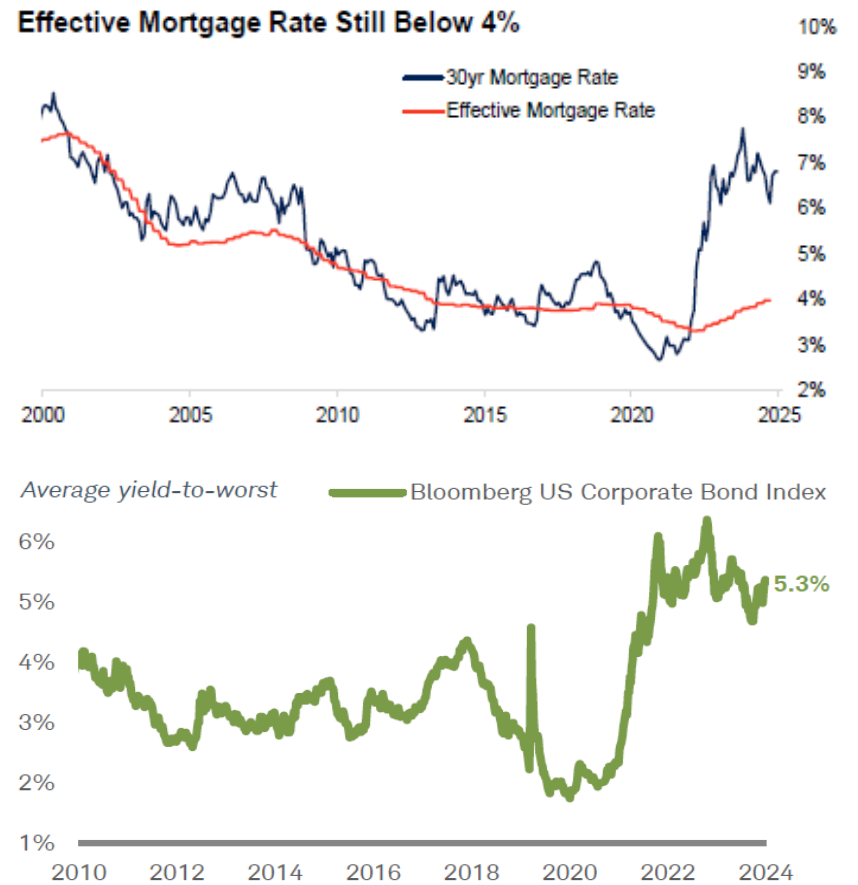
- Despite two 25 basis point rate cuts from the Fed, the U.S. Treasury yield curve was up across most of the maturity spectrum during the quarter.
- The 2YR and 5YR US Treasury yields rose 60 basis points and 82 basis points to close at 4.24% and 4.38%, respectively. The 10YR yield was 79 basis points higher to close at 4.57%. The 20YR and 30YR yields were higher 68 basis points and 66 basis points to finish the quarter at 4.86% and 4.78%, respectively.
- Yields on 10YR and 30YR Treasuries approached 2024 highs in December as investors begin demanding compensation for the risks associated with a potentially higher long-term neutral fed funds rate and the bond-bearish implications of expected upcoming federal policy.
- The closely watched 2-10YR curve finished the quarter with a spread of 33 basis points, continuing the healthy step towards normalcy after nearly two years of curve inversion which ended in September.



Performance Highlights

Core Fixed Income

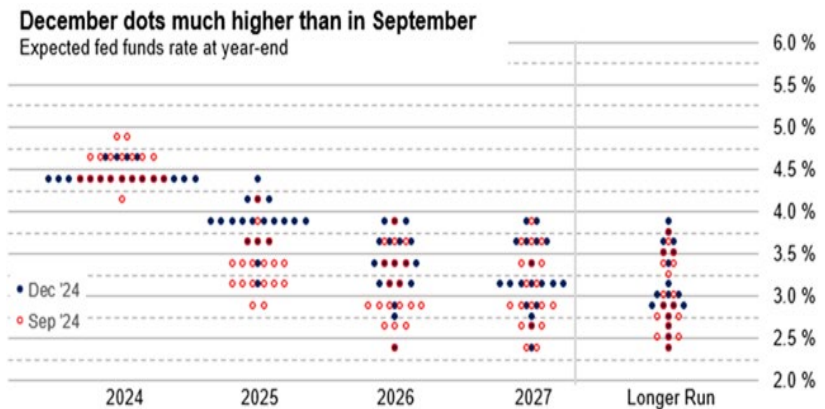
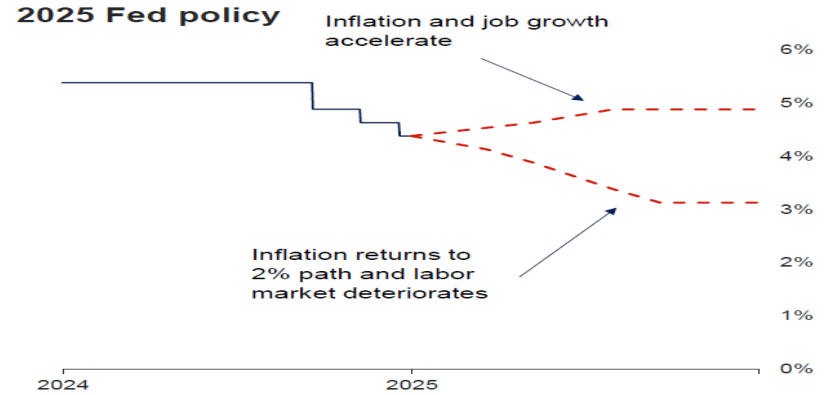
- The Core Fixed Income Portfolio produced a return of -2.92% for the quarter and 2.06% fiscal year-to-date, slightly outperforming the benchmark by 14 and 8 basis points, respectively.
- The portfolio’s relative outperformance was driven by ABS allocation as the sector’s excess return was 0.61%, losing only 0.05% in total return for the quarter.
- In addition, CMBS produced 0.66% excess returns with total return of -1.48% for the quarter with the MBS sector performing the worst with total return of -3.16%.
- The Corporate index OAS (Option Adjusted Spread) closed 9 basis points tighter at 80 during the quarter even though total return was negative 3.04% as rates rose.
- Although 30-year mortgage rates have hovered near 7% for 2 years, the effective mortgage rate has yet to surpass 4%, reflecting many homeowners locked into low rates since the pandemic housing boom.



Performance Highlights

Liquidity

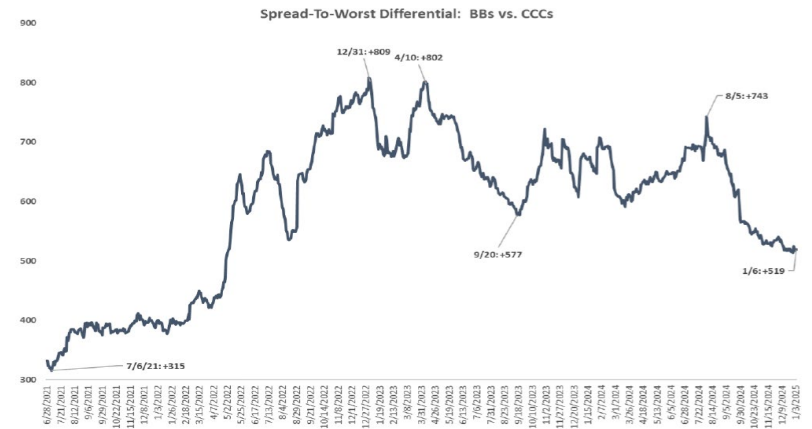
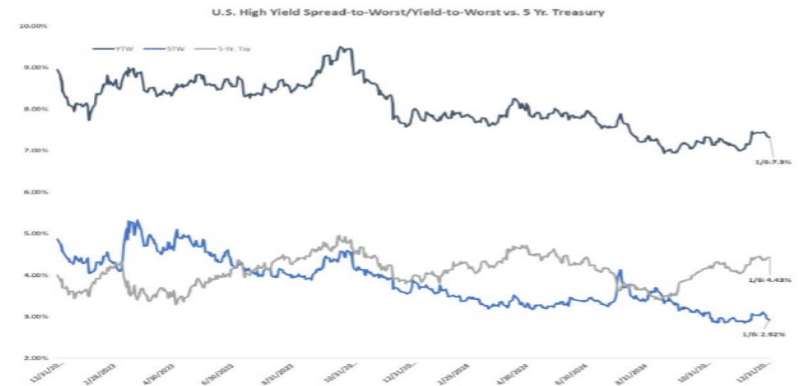
- After reducing the target range for the federal funds rate by 100 basis points over the last three meetings of 2024, updated economic projections from the FOMC point to just two rate cuts in 2025.
- Cash produced a return of 1.20% for the 3-month period ending December 31st, slightly underperforming the 3-Month Treasury Bill benchmark which returned 1.23%.
- In the FOMC’s updated Summary of Economic Projections (SEP), the most significant change was the inflation outlook. The 2025 PCE forecast rose from 2.1% to 2.5%. As a result, the committee now forecasts a 2025 median federal funds rate of 3.9%.
- Persistently strong growth and inflation readings materially reset market expectations for Fed easing over the coming year, with approximately four 25 basis point cuts removed from year-end 2025 pricing forecasts over the quarter.



Performance Highlights

Specialty Credit Fixed Income

- The Specialty Credit portfolio produced a return of 2.23% for the quarter and 5.39% fiscal year-to-date, outperforming the custom benchmark which returned 1.22% and 4.92%, respectively.
- Valuation on a spread basis remain near eighteen-year tights. With interest rates resuming their post-election move higher, absolute yields of 7.31% remain at levels only seen approximately 30% of the time over the last ten years.
- Lower quality issuers outperformed for the sixth consecutive month in December. Over the quarter, BB, B and CCC rated issues returned -0.51%, 0.31% and 2.17%, respectively.
- Over longer periods the portfolio has contributed significant outperformance, beating the benchmark by 230 and 205 basis points over three- and five-year periods respectively.
- The High Yield option adjusted spread (OAS) tightened 8 basis points for the quarter to 287.

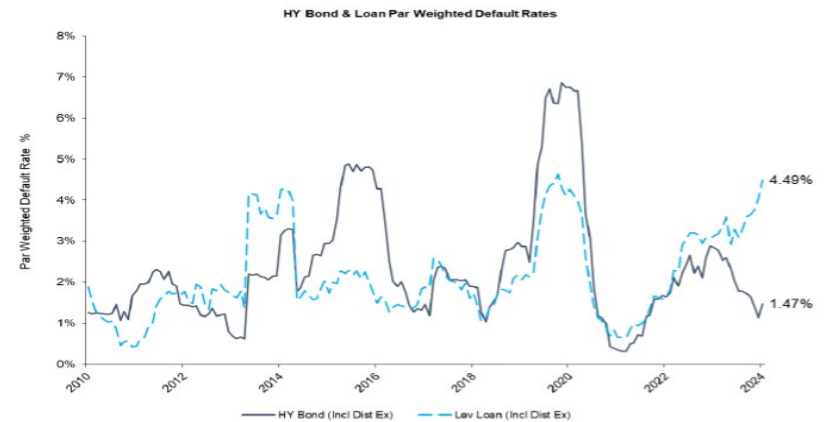
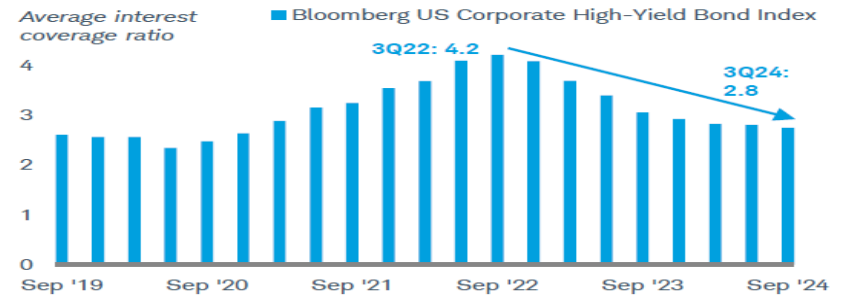


Performance Highlights

Specialty Credit Fixed Income

- Earnings season surprised to the upside, with high yield issuers' operating earnings rising 3.0% quarter over quarter and 1.2% year over year helping keep interest coverage favorable even with the recent decline.
- For the quarter, new issuance totaled \$49.5 billion with 64% representing refinancing, 23% for M&A and 6% accounted for dividends.
- The high yield bond default and distressed exchange activity remained moderate for the quarter. The LTM par-weighted default rate including distressed exchanges increased to 1.47%.
- Default and distressed exchange activity remains concentrated in the leveraged loan market, where the par-weighted default rate including distressed exchange increased to 4.49%.
- The over 300 basis point spread between high yield bond and leveraged loan default activity is at a 24-year high.

Interest coverage ratios for high-yield issuers have generally been declining

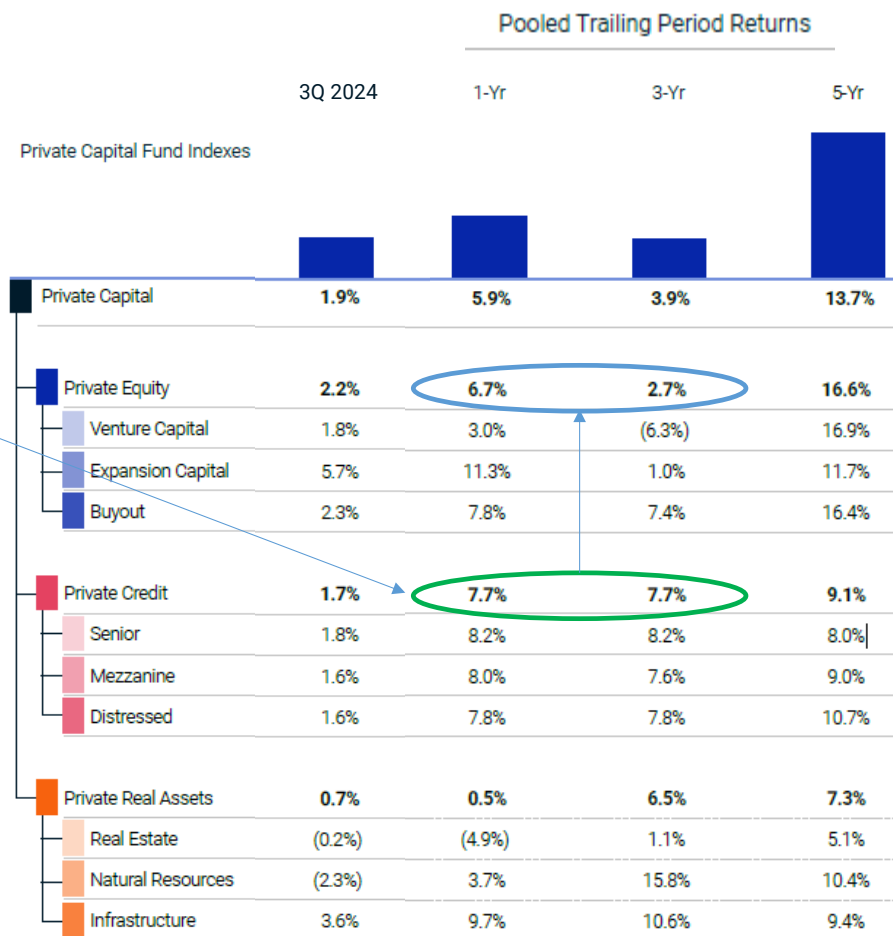


Performance Highlights

Private Capital (as of 9/30/24 - 1 quarter lag)

- Like public equity markets, private markets were broadly positive during the quarter. However, short-term returns for all alternative asset classes continued to lag a sharply rising US equity market, with the S&P 500 and Russell 3000 both gaining over 35% for the trailing 1 year ending 9/30/2024.
- Even though it is senior in the capital structure, private credit's 7-8% returns have outpaced those from private equity over the trailing 1 and 3 years.
- Given its ample liquidity position, KPPA maintains a long term focus in private markets and prefers that its managers continue to manage their investments if an attractive exit is not attainable in the current market environment.
- The Investment Team continues to find and evaluate attractive opportunities that have arisen from higher interest rates and lower liquidity pressuring current holders of attractive assets.

MSCI Private Capital Benchmarks – US



Source: MSCI Private Capital Benchmarks Report (data through calendar 3Q 2024)

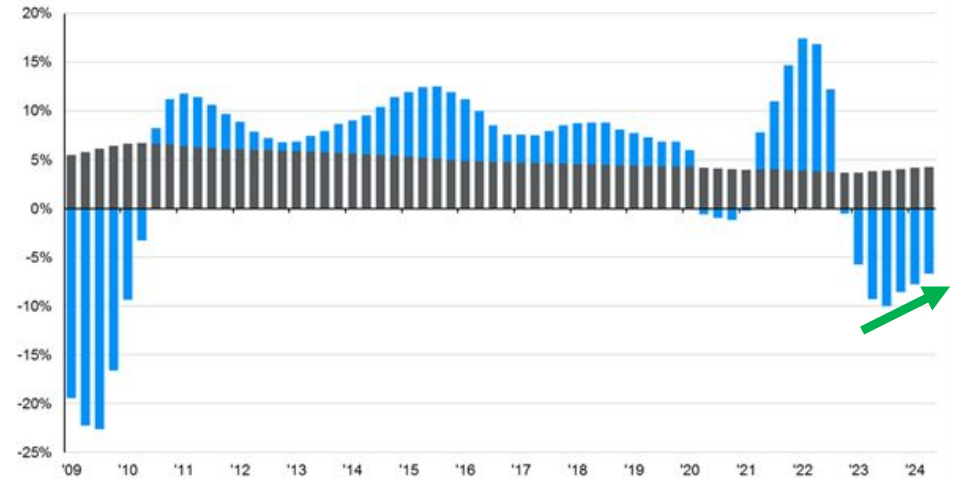
Performance Highlights

Real Estate (as of 9/30/24 - 1 quarter lag)

- Real Estate markets and sentiment have begun to turn, with the Open End Diversified Core Equity (NFI-ODCE) index posting its first positive quarter since 3Q 2022.
- The Real Estate portfolio's value fell -0.9% during the quarter, slightly less than the benchmark's flat 0.0% return.
- The portfolio's open-end Core strategies all produced positive returns during the third quarter. While valuation markdowns persist, they diminished enough to be more than offset by steady income returns.
- Construction starts continued to fall sharply from their peak in 2022, even in more favored sectors like industrial and multifamily. The decline in deliveries that will result over the next several quarters should improve rent growth and supply dynamics.
- During the second half of 2024, the three Core equity funds that make up the portfolio's largest positions collectively raised over a billion dollars, largely cleared their redemption queues, and called capital from their contribution queues to start playing offense.

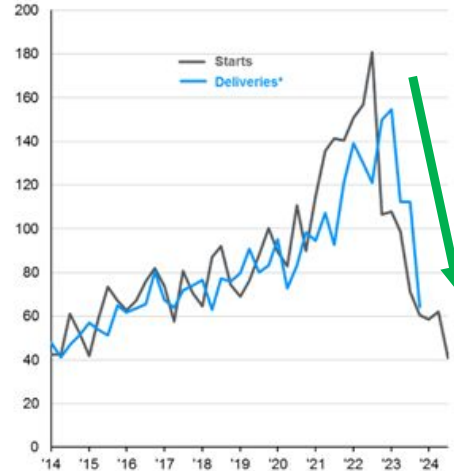
Global private real estate returns

Rolling 4-quarter returns from income and capital appreciation



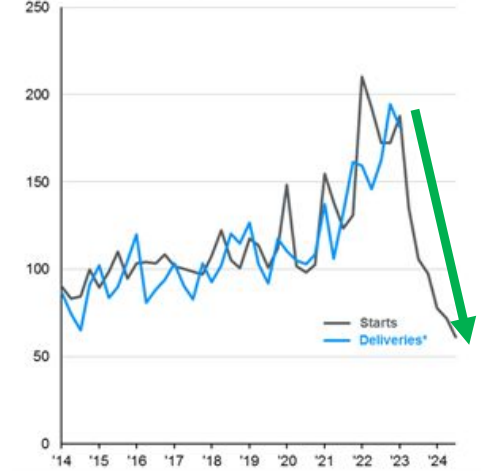
U.S. industrial construction starts and deliveries

In million square feet, 1Q14 – 3Q24



U.S. multifamily construction starts and deliveries

Thousand units, 1Q14 – 3Q24



Source: JP Morgan

Performance Highlights

Real Return

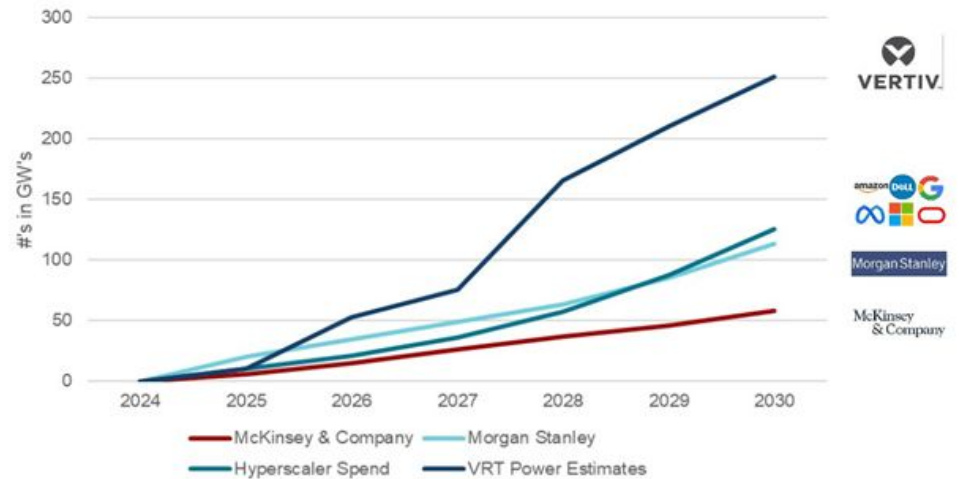
- The Real Return portfolio continued to perform well during the quarter, posting a return of 3.7% that outpaced the 1.0% return of its benchmark.
- A second-order effect of the current AI and technology boom is the significant increase in demand for power and the energy needed to supply it. One key beneficiary in 2024 was utility stocks, as its index nearly matched the S&P 500 with a 23.4% gain.
- Even after declining nearly 7% in December, the portfolio's MLP exposure gained 13.7% for the quarter versus its benchmark return of 4.9%. The account was up more than 46% for calendar year 2024 as strong cash flows, disciplined capex, and consolidation continued to benefit the industry.
- Infrastructure debt, marine transportation, and sports investments also contributed to the portfolio's outperformance.
- The portfolio's farmland mandate was funded in 4Q 2024 along with a toll road continuation vehicle investment with an existing private equity manager.

US data center energy demand: Need to add three NYCs to the power grid by 2030



Source: Apollo Global

AI driving significant US incremental power demand



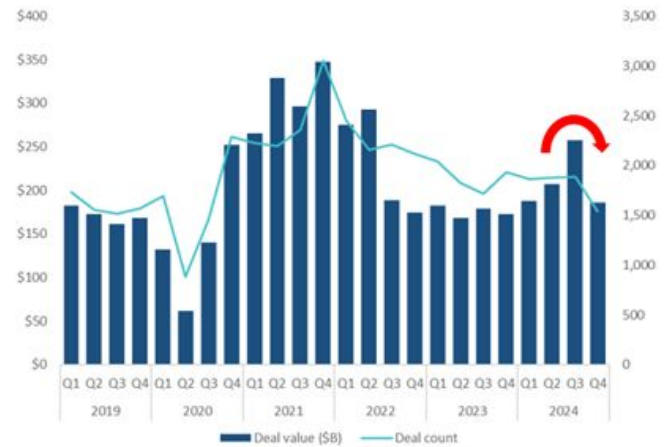
Source: Tortoise Capital

Performance Highlights

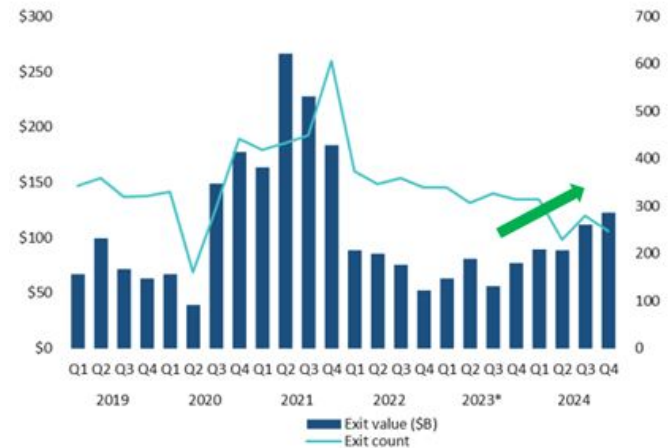
Private Equity

- The Private Equity portfolio produced a return of 1.0% for the quarter, underperforming the benchmark’s return of 7.0%.
- Performance relative to the benchmark (Russell 3000 + 3%, lagged one quarter) has continued to trail due to a robust equity market that has gained more than 35% over the past year through 9/30/2024.
- Deal activity and exits have picked up in recent quarters, but the slow pace of distributions remains a concern for many investors in private equity funds. While distributions from mature funds have been muted for the past 2-3 years, more recently raised funds continue to call capital, which is straining investor liquidity.

PE Deal Activity by Quarter



Exit Activity by Quarter



Source: Pitchbook, Geography; US, As of 12/31/2024

Performance Highlights

Private Equity

- Given these factors, managers continue to face a difficult fundraising environment. This has contributed to private equity management fees falling to their lowest level in two decades.

US Private Equity Fundraising Activity
2014-24



Source: Pitchbook, Geography; US, As of 12/31/2024

The mean buyout fund management fee is at its lowest in two decades of data

Average global buyout fund management fee rates, by vintage year (%)



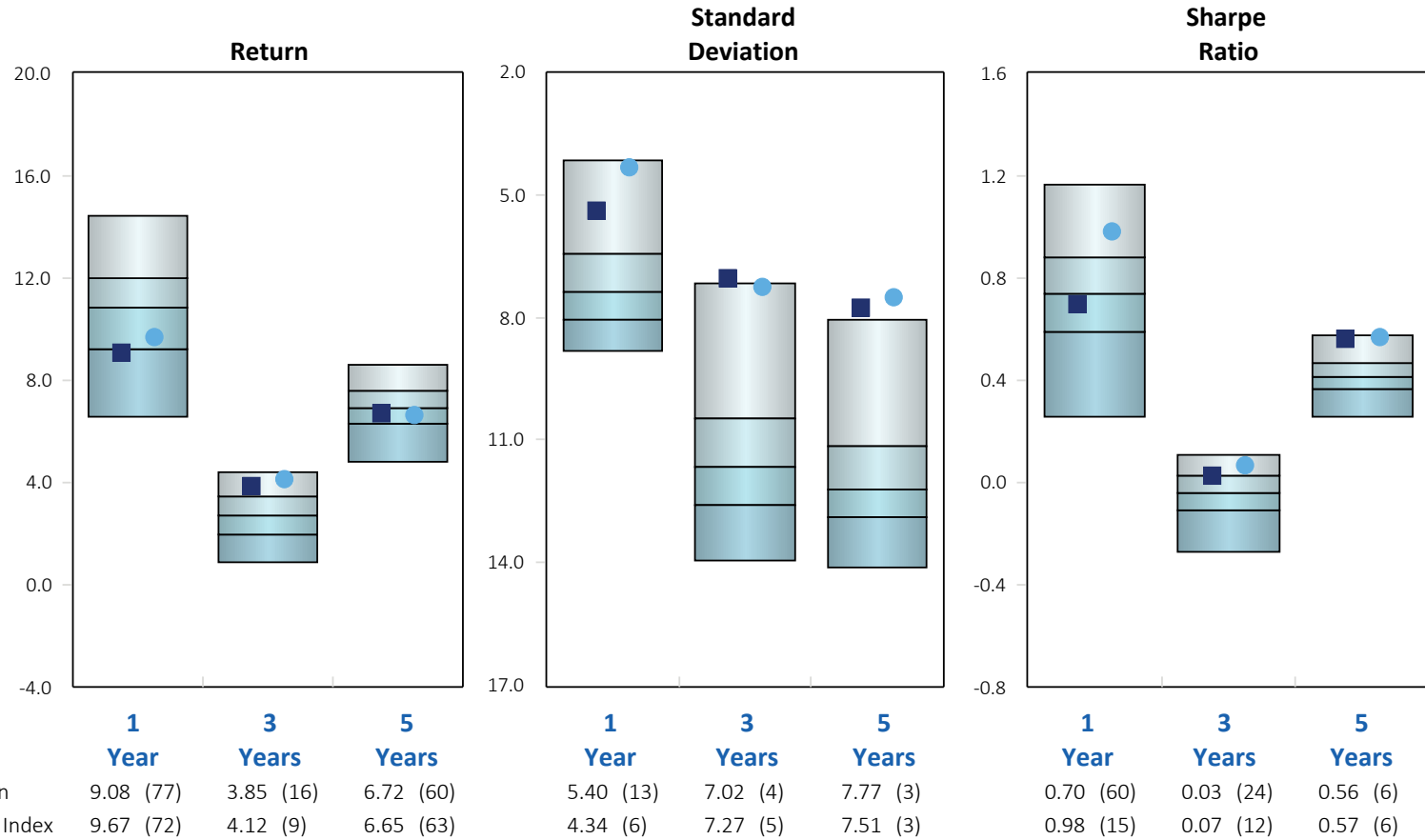
FINANCIAL TIMES

Source: Preqin Pro

Plan Sponsor Peer Group Analysis - Multi Statistics

KERS Pension Plan vs All Public Plans-Total Fund

Periods Ended December 31, 2024



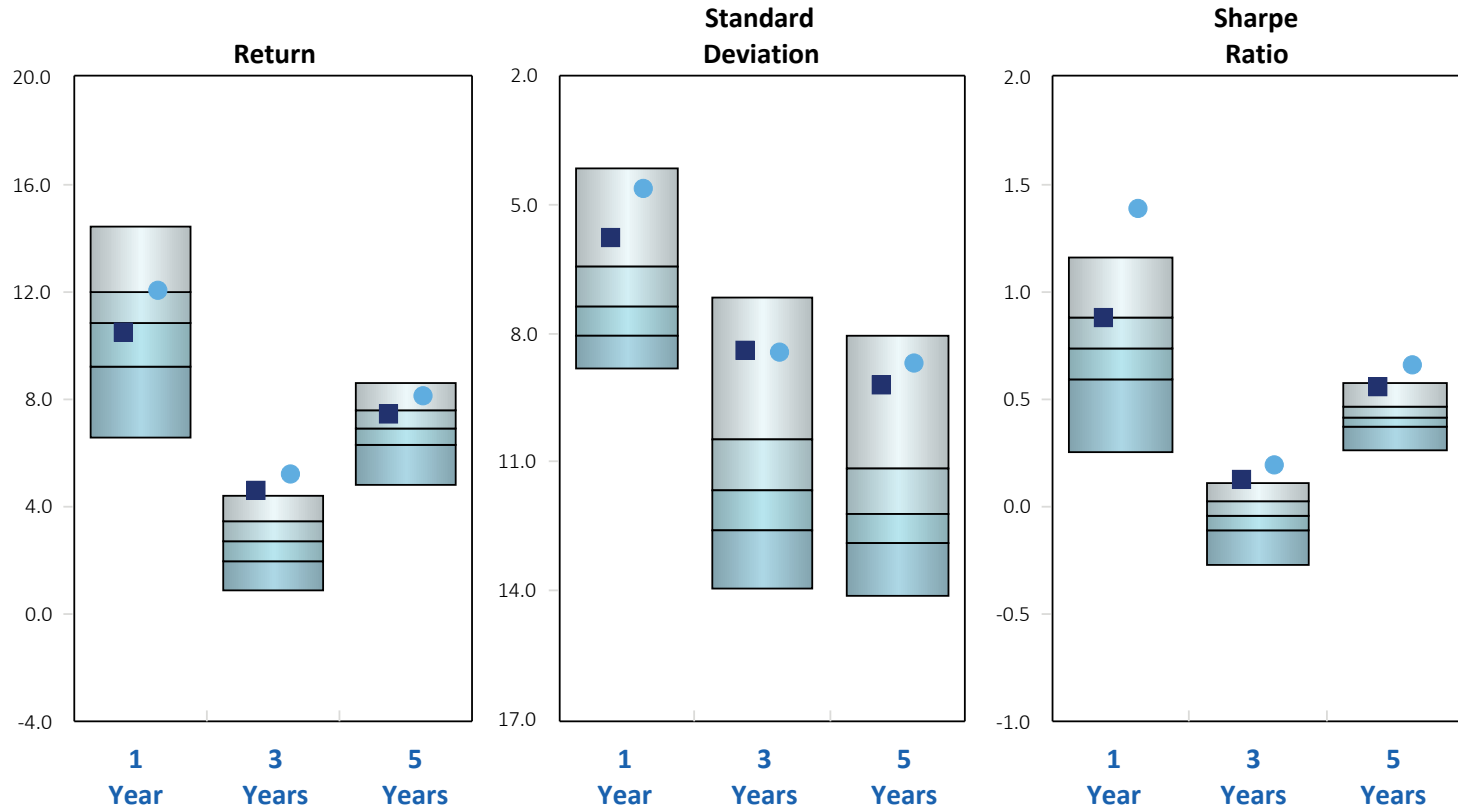
	1 Year	3 Years	5 Years	1 Year	3 Years	5 Years	1 Year	3 Years	5 Years
■ KERS Pension Plan	9.08 (77)	3.85 (16)	6.72 (60)	5.40 (13)	7.02 (4)	7.77 (3)	0.70 (60)	0.03 (24)	0.56 (6)
● KERS Pension IPS Index	9.67 (72)	4.12 (9)	6.65 (63)	4.34 (6)	7.27 (5)	7.51 (3)	0.98 (15)	0.07 (12)	0.57 (6)
5th Percentile	14.47	4.41	8.61	4.17	7.15	8.05	1.16	0.11	0.58
1st Quartile	12.00	3.48	7.59	6.46	10.48	11.16	0.88	0.03	0.47
Median	10.88	2.70	6.95	7.37	11.68	12.22	0.74	-0.04	0.42
3rd Quartile	9.25	1.99	6.30	8.05	12.60	12.88	0.59	-0.11	0.37
95th Percentile	6.56	0.91	4.81	8.83	13.93	14.10	0.25	-0.27	0.26

Parentheses contain percentile rankings.
Calculation based on monthly periodicity.

Plan Sponsor Peer Group Analysis - Multi Statistics

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

Periods Ended December 31, 2024



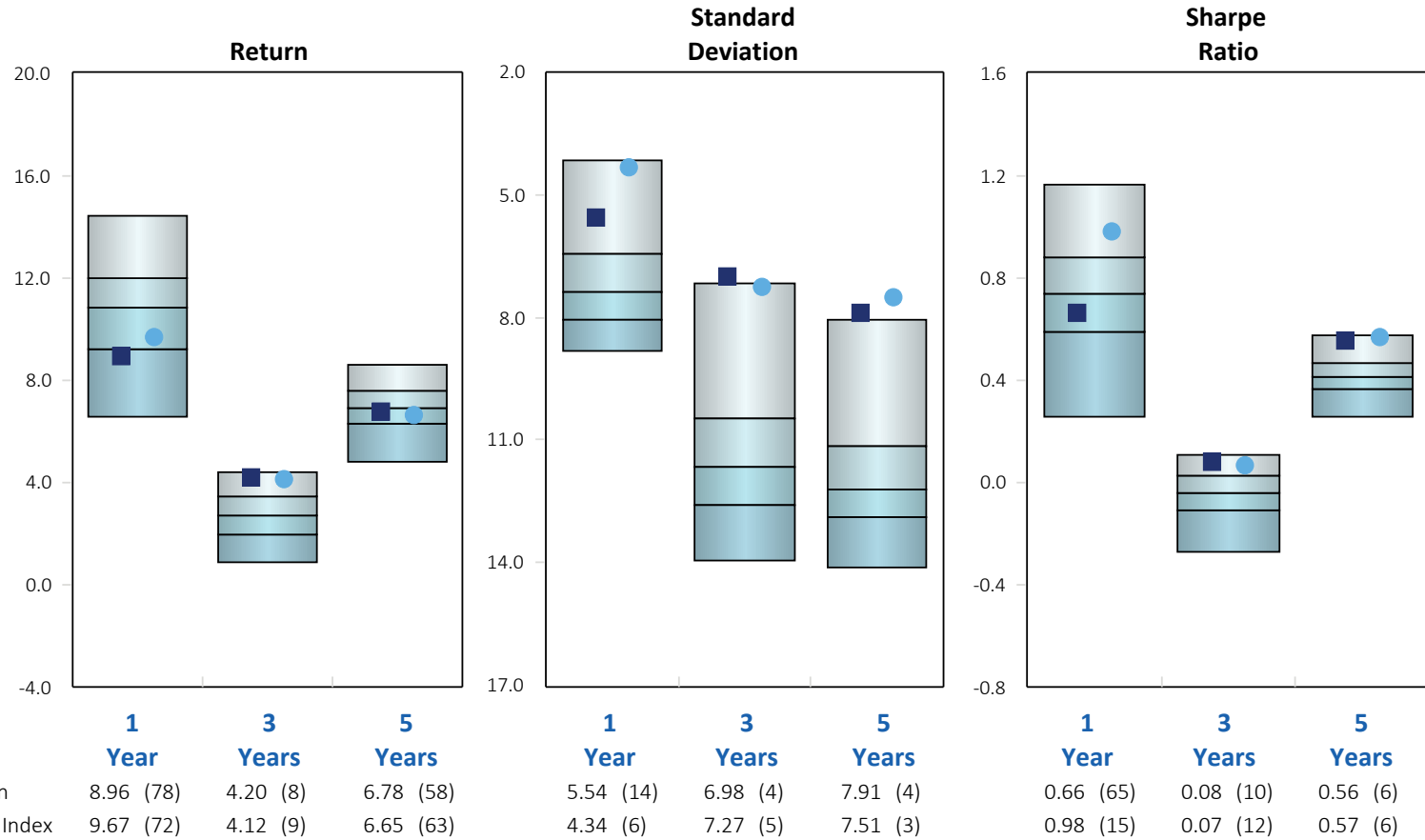
	1 Year	3 Years	5 Years	1 Year	3 Years	5 Years	1 Year	3 Years	5 Years
■ KERS (H) Pension Plan	10.49 (57)	4.64 (5)	7.47 (30)	5.78 (16)	8.40 (10)	9.22 (9)	0.88 (25)	0.13 (5)	0.56 (6)
● KERS (H) Pension IPS Index	12.05 (25)	5.20 (3)	8.14 (13)	4.65 (7)	8.44 (10)	8.72 (7)	1.39 (1)	0.19 (3)	0.66 (2)
5th Percentile	14.47	4.41	8.61	4.17	7.15	8.05	1.16	0.11	0.58
1st Quartile	12.00	3.48	7.59	6.46	10.48	11.16	0.88	0.03	0.47
Median	10.88	2.70	6.95	7.37	11.68	12.22	0.74	-0.04	0.42
3rd Quartile	9.25	1.99	6.30	8.05	12.60	12.88	0.59	-0.11	0.37
95th Percentile	6.56	0.91	4.81	8.83	13.93	14.10	0.25	-0.27	0.26

Parentheses contain percentile rankings.
Calculation based on monthly periodicity.

Plan Sponsor Peer Group Analysis - Multi Statistics

SPRS Pension Plan vs All Public Plans-Total Fund

Periods Ended December 31, 2024



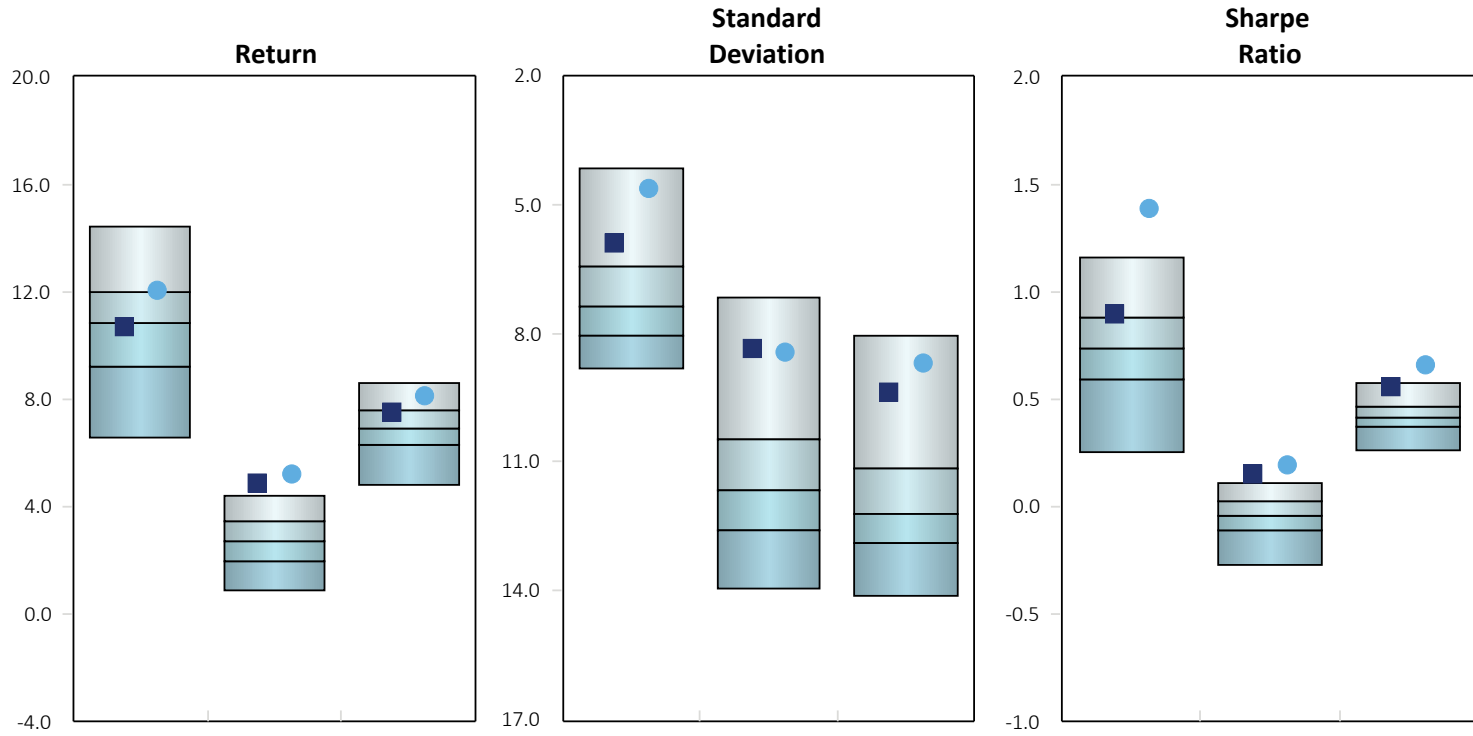
	1 Year	3 Years	5 Years	1 Year	3 Years	5 Years	1 Year	3 Years	5 Years
■ SPRS Pension Plan	8.96 (78)	4.20 (8)	6.78 (58)	5.54 (14)	6.98 (4)	7.91 (4)	0.66 (65)	0.08 (10)	0.56 (6)
● SPRS Pension IPS Index	9.67 (72)	4.12 (9)	6.65 (63)	4.34 (6)	7.27 (5)	7.51 (3)	0.98 (15)	0.07 (12)	0.57 (6)
5th Percentile	14.47	4.41	8.61	4.17	7.15	8.05	1.16	0.11	0.58
1st Quartile	12.00	3.48	7.59	6.46	10.48	11.16	0.88	0.03	0.47
Median	10.88	2.70	6.95	7.37	11.68	12.22	0.74	-0.04	0.42
3rd Quartile	9.25	1.99	6.30	8.05	12.60	12.88	0.59	-0.11	0.37
95th Percentile	6.56	0.91	4.81	8.83	13.93	14.10	0.25	-0.27	0.26

Parentheses contain percentile rankings.
Calculation based on monthly periodicity.

Plan Sponsor Peer Group Analysis - Multi Statistics

KERS Insurance Plan vs All Public Plans-Total Fund

Periods Ended December 31, 2024



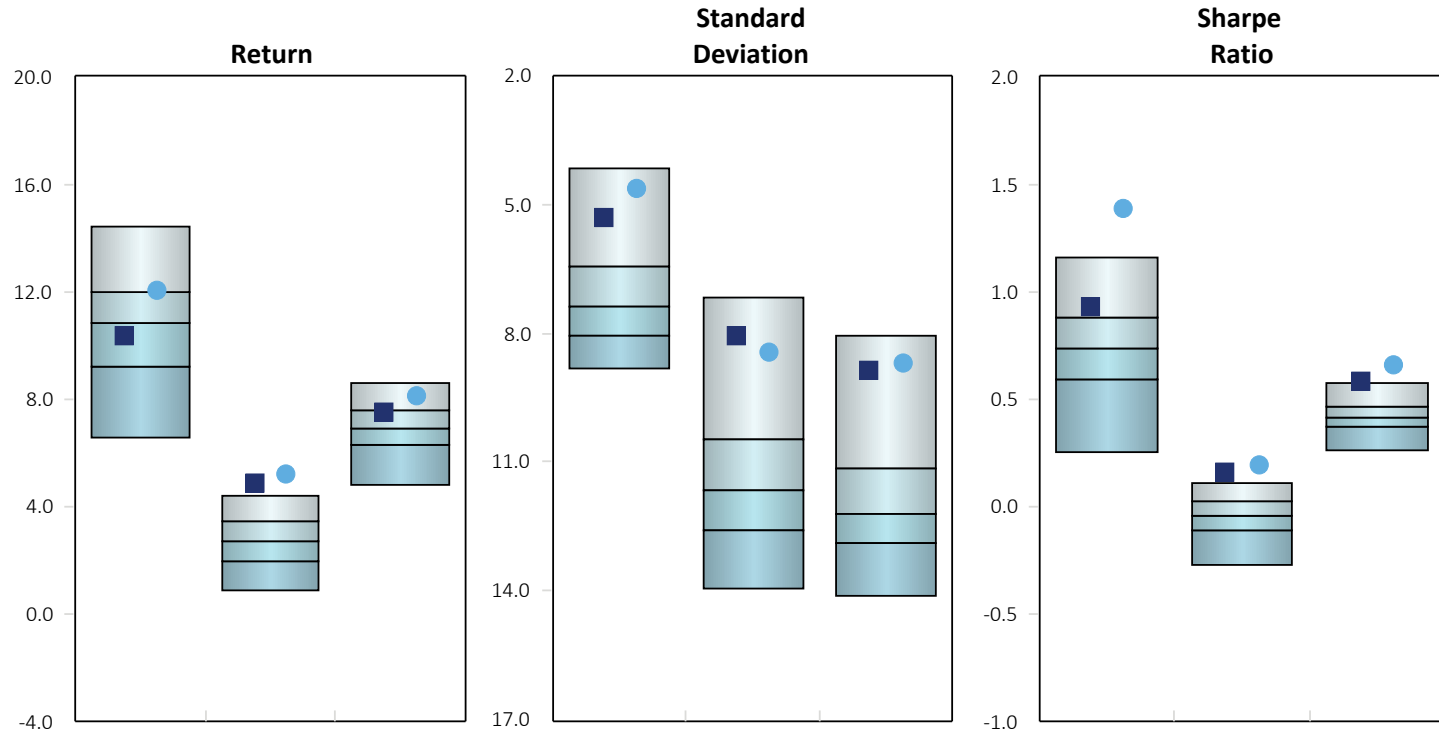
	1 Year	3 Years	5 Years	1 Year	3 Years	5 Years	1 Year	3 Years	5 Years
■ KERS Insurance Plan	10.70 (53)	4.85 (3)	7.55 (26)	5.91 (18)	8.34 (10)	9.38 (10)	0.89 (25)	0.15 (3)	0.56 (6)
● KERS Insurance IPS Index	12.05 (25)	5.20 (3)	8.14 (13)	4.65 (7)	8.44 (10)	8.72 (7)	1.39 (1)	0.19 (3)	0.66 (2)
5th Percentile	14.47	4.41	8.61	4.17	7.15	8.05	1.16	0.11	0.58
1st Quartile	12.00	3.48	7.59	6.46	10.48	11.16	0.88	0.03	0.47
Median	10.88	2.70	6.95	7.37	11.68	12.22	0.74	-0.04	0.42
3rd Quartile	9.25	1.99	6.30	8.05	12.60	12.88	0.59	-0.11	0.37
95th Percentile	6.56	0.91	4.81	8.83	13.93	14.10	0.25	-0.27	0.26

Parentheses contain percentile rankings.
Calculation based on monthly periodicity.

Plan Sponsor Peer Group Analysis - Multi Statistics

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

Periods Ended December 31, 2024



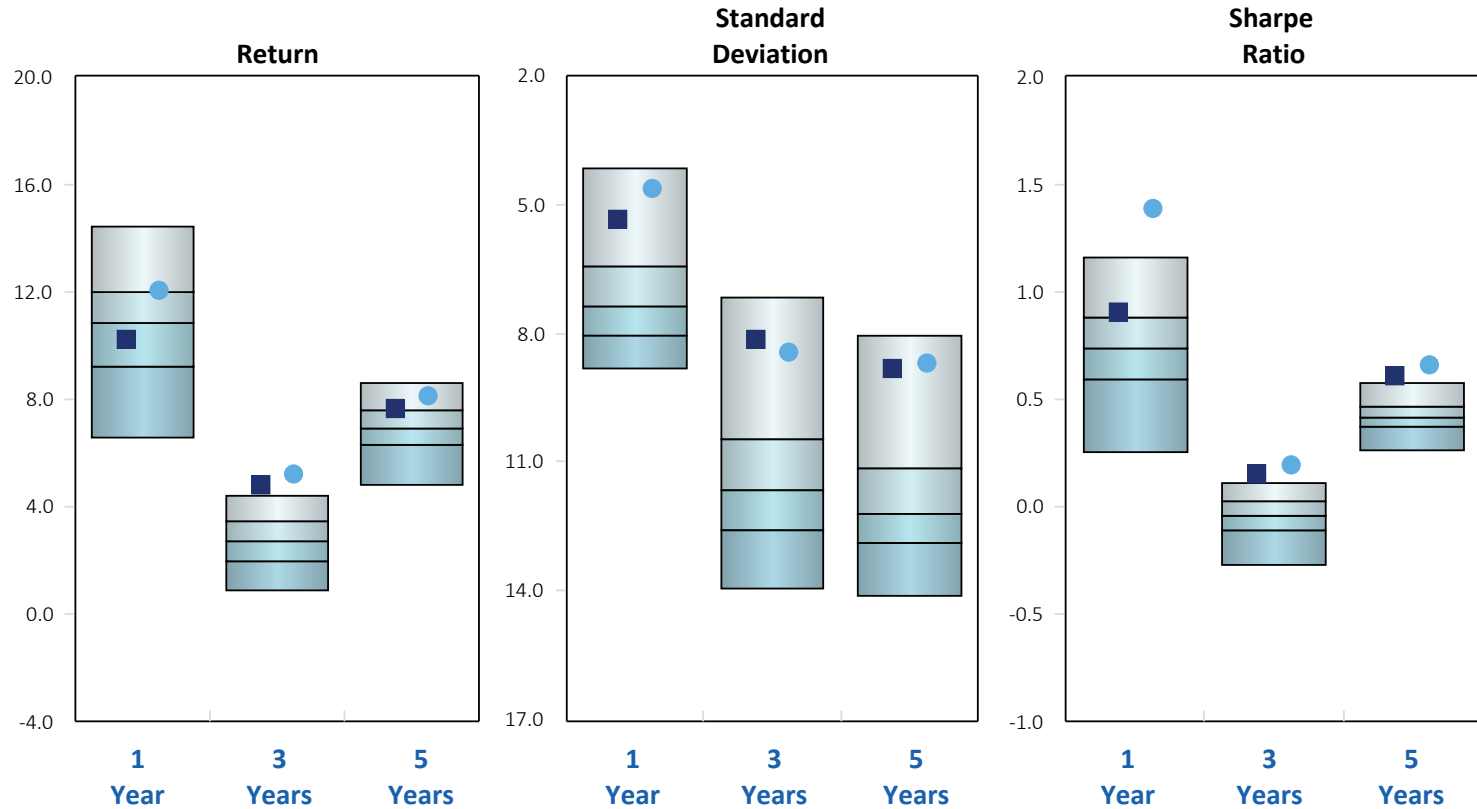
	1 Year	3 Years	5 Years	1 Year	3 Years	5 Years	1 Year	3 Years	5 Years
■ KERS (H) Insurance Plan	10.36 (58)	4.86 (3)	7.52 (28)	5.29 (12)	8.06 (9)	8.84 (7)	0.94 (20)	0.16 (3)	0.59 (5)
● KERS (H) Insurance IPS Index	12.05 (25)	5.20 (3)	8.14 (13)	4.65 (7)	8.44 (10)	8.72 (7)	1.39 (1)	0.19 (3)	0.66 (2)
5th Percentile	14.47	4.41	8.61	4.17	7.15	8.05	1.16	0.11	0.58
1st Quartile	12.00	3.48	7.59	6.46	10.48	11.16	0.88	0.03	0.47
Median	10.88	2.70	6.95	7.37	11.68	12.22	0.74	-0.04	0.42
3rd Quartile	9.25	1.99	6.30	8.05	12.60	12.88	0.59	-0.11	0.37
95th Percentile	6.56	0.91	4.81	8.83	13.93	14.10	0.25	-0.27	0.26

Parentheses contain percentile rankings.
Calculation based on monthly periodicity.

Plan Sponsor Peer Group Analysis - Multi Statistics

SPRS Insurance Plan vs All Public Plans-Total Fund

Periods Ended December 31, 2024



	1 Year	3 Years	5 Years	1 Year	3 Years	5 Years	1 Year	3 Years	5 Years
■ SPRS Insurance Plan	10.22 (61)	4.84 (4)	7.69 (22)	5.34 (13)	8.16 (9)	8.82 (7)	0.90 (23)	0.16 (3)	0.61 (4)
● SPRS Insurance IPS Index	12.05 (25)	5.20 (3)	8.14 (13)	4.65 (7)	8.44 (10)	8.72 (7)	1.39 (1)	0.19 (3)	0.66 (2)
5th Percentile	14.47	4.41	8.61	4.17	7.15	8.05	1.16	0.11	0.58
1st Quartile	12.00	3.48	7.59	6.46	10.48	11.16	0.88	0.03	0.47
Median	10.88	2.70	6.95	7.37	11.68	12.22	0.74	-0.04	0.42
3rd Quartile	9.25	1.99	6.30	8.05	12.60	12.88	0.59	-0.11	0.37
95th Percentile	6.56	0.91	4.81	8.83	13.93	14.10	0.25	-0.27	0.26

Parentheses contain percentile rankings.
Calculation based on monthly periodicity.

Quarterly Investment Compliance Report

Quarter Ending December 31, 2024



Investment Guideline Compliance Review

Quarterly Investment Compliance Report Quarter Ending
12/31/2024

2

19 Guidelines In Compliance

0 Guidelines Not In Compliance

Guideline Category	Guideline	Compliance Status
General	The assets managed by any one active or passive investment manager shall not exceed 15% of the overall assets of the systems.*	In Compliance
	Total assets assigned to a selected manager shall not exceed 25% of the management firm's total assets under management.	In Compliance
	Total assets assigned to a selected manager shall not exceed 25% of the management firm's total assets under management in a commingled product.	In Compliance
	Derivative investments shall not cause the systems' portfolios to be leveraged beyond a 100% invested position.	In Compliance
	The maximum investment in any co-investment vehicle shall not exceed 50% of the total capital committed by all partners at the time of the final closing.	In Compliance
	The maximum investment in any single direct co-investment shall not exceed 20% of the original partnership commitment.	In Compliance
	Total investment in direct co-investments shall not exceed 20% of the asset class portfolio on a cost basis at the time of investment.	In Compliance
	An external investment manager's cash holdings shall not exceed 5% of the manager's allocation, unless such cash holdings are an integral part of a fixed income manager's investment strategy. Externally and internally managed portfolio investment guidelines.	In Compliance
Equity	The amount of stock in the domestic or international equity allocation in any single corporation shall not exceed 5% of the aggregate market value of the assets of the systems.	In Compliance
	The amount of stock held in the domestic or international equity allocation shall not exceed 3% of the outstanding shares of any single corporation.	In Compliance
	Investment in "frontier" markets shall not exceed 5% of the international equity assets of the systems.	In Compliance
	No more than 15% of the systems' total allocation to private equity investments may be committed to any one partnership.	In Compliance
Fixed Income	The duration of the core fixed income portfolios combined shall not vary from that of the systems' Fixed Income Index by more than +/- 25% as measured by effective duration, modified duration, or dollar duration except when the Investment Committee has determined a target duration to be used for an interim basis.	In Compliance
	The amount invested in the debt of a single issuer shall not exceed 5% of the total market value of the systems' fixed income assets, with the exception of U.S. Government issued, guaranteed, or agency obligations and certain derivative securities.	In Compliance
	50% of the core fixed income assets shall have stated liquidity that is trade date plus three (3) days or better.	In Compliance
Real Return	No more than 20% of the total net assets of the systems' Real Return portfolios shall be invested in any single closed-end or open-end limited partnership or other unregistered investment vehicle.	In Compliance
	No more than 50% of the total net assets of the systems' Real Return portfolio shall be invested in any one registered investment vehicle, mutual fund, or separately managed account.	In Compliance
Cash Equivalent Securities	All instruments in the liquidity allocation shall have a maturity at the time of purchase that does not exceed 397 days.	In Compliance

*Only applies to external managers and not to assets managed by KPPA Investment Staff.

Quarterly Investment Compliance Report Quarter Ending
12/31/2024

Guideline Compliance Overview

- Guidelines included are those “yes/no” requirements stated in Kentucky Retirement Systems’ Investment Policy Statement and the Investment Guidelines of external and internally managed portfolios.
- Guideline compliance reviews will look at the entire quarter.
- When there is an “out of compliance” finding for one (1) or more guidelines, the Quarterly Investment Compliance Report will include an “Exception Report.” The “Exception Report” will include the following information for each guideline for which an “out of compliance” finding is noted:
 - Guideline
 - Date exception began
 - Cause of exception
 - Date of resolution
 - Description of resolution
- Continued work with BNY to enhance reporting on compliance with investment guidelines.

Quarterly Investment Compliance Report Quarter Ending
12/31/2024

Asset Allocation Compliance Review (Exceptions Only)

Quarterly Investment Compliance Report Quarter Ending
12/31/2024

6

Exception Report

None – All asset classes in range.

Asset Allocation Compliance Report Overview

- If one (1) or more asset class falls outside the allowable range for that asset class as stated in Kentucky Retirement Systems' Investment Policy Statement, it will be noted in the Asset Allocation Compliance Review.
- Asset Allocation Compliance Report will look at the entire quarter.
- Reporting will include exceptions only.
- When an asset class exceeds or is less than the allowable range, the Quarterly Investment Compliance Report will include the following information for each asset class outside of the allowable range:
 - Asset class
 - Allowable range
 - Date exception began
 - Cause of exception
 - Date of resolution
 - Description of resolution

Quarterly Investment Compliance Report Quarter Ending
12/31/2024



EXTERNAL MANAGER SEARCH AND SELECTION REPORT: US LARGE CAP PUBLIC EQUITY

IN CONJUNCTION WITH WILSHIRE ASSOCIATES

RECOMMENDATION



- Kentucky Public Pensions Authority (KPPA) Staff and Wilshire are recommending investments for all KERS and SPRS portfolios in two actively managed U.S. large cap equity mandates to be managed by J.P. Morgan and T. Rowe Price pending successful investment management agreement negotiations.
- Primary funding to come from the retirement of the Internal U.S. Large Cap Public Equity Factor-based portfolio; secondary funding to come from the Internal S&P 500 portfolio.
- No placement agents have been involved or will be compensated as a result of this recommendation.

INTRODUCTION



- Continue work of improving the structure of the global public equity allocation
 - Terminate the existing U.S. large cap factor-based portfolio
 - Factor tilts (size, value, momentum & volatility) have not been rewarded for a sustained period
 - Experienced greater tracking error
 - Relative performance will be driven by stock selection rather than structural biases
 - Add value by utilizing lower tracking error active management with reasonable fees given the exposure and expected relative performance
- This report serves as a review of the competitive search process utilized by staff in accordance with the Investment Policy Statement and Investment Procurement Policy in pursuit of improving the global public equity allocation.

GENERAL PROCESS



- Start with Wilshire Investment Management database (over 12,000 strategies)
- Applied minimum criteria to cull list to a more manageable size (qualitative)
- Staff may add managers to the list that may not participate in the database
- Additional cut (quantitative)
- Distribute a Request for Information (RFI) to remaining candidates (7 firms / 9 strategies)
- Staff and consultant review the RFI responses to narrow down the final candidate list (4)
- Discussions / onsite visits with final candidates
- Additional discussions with front-runners prior to final decision

ESTABLISHED CRITERIA



- Screening Criteria
 - U.S. large cap universe: Benchmarks included SP500 and/or R1000
 - Active Management: majority of holdings must be U.S. large cap stocks
 - Firm AUM: greater than \$10billion
 - Strategy AUM: greater than \$1billion
 - Minimum five-year track record
 - Firm / Team ranked by Wilshire's Manager Research Team third decile or better (qualitative)
 - Separate Account Offering
 - Relative Returns (1,3,5&10Yrs): Positive Excess
 - Tracking Error (1,3,5&10Yrs): Above 1%
 - Information Ratios (1,3,5&10Yrs): Above 0.50
 - Sharpe Ratios (1,3,5&10Yrs): Positive Excess
 - Up / Down Capture Ratios (1,3,5&10Yrs): Above 1.0 / Below 1.0

CANDIDATE POOL



- Preliminary screening provided a broad candidate list of 111 potential strategies
- Additional screening culled the list down to 7 firms (9 strategies), who received a Request for Information (RFI)
- Finalist list created for further review
 - BlackRock: Systematic Active Equity U.S. Alpha Tilts
 - Columbia Threadneedle: U.S. Contrarian Large Cap Core Strategy
 - J.P. Morgan: U.S. Large Cap Core
 - T. Rowe Price: U.S. Structured Research Equity Strategy

J.P. Morgan



- Organization Structure
 - Founded in 1863
 - Publicly traded on the NYSE; employees hold 3.5% of outstanding
 - Firm public equity AUM over \$1T; Strategy AUM of \$81.9b
- Investment Team
 - Consists of 3 PMs (25/19); supported by a team of 18 career sector specialists (23/12)
 - Lead PM ultimately responsible for portfolio construction and risk management
- Client / Product Stability
 - Past few years, strategy has added 21 (+70) clients with net inflows over \$740m
- Investment Philosophy
 - Understanding the normalized earnings power of a company; take advantage of mispricing from near-term information
 - Stock selection in the context of a high conviction fully invested, broadly diversified and style consistent portfolio
 - Information advantage developed through proprietary, fundamental research

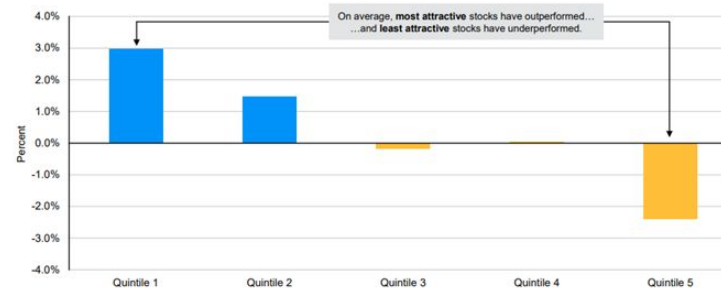
J.P. Morgan (cont.)



- Investment Process
 - Create a sustainable, proprietary information advantage by leveraging fundamental analysts
 - Gain an understanding of the dynamics of a business, its growth prospects, and sustainability of competitive advantage
 - Companies assigned a strategy classifications: premium, quality, standard, challenged
 - Utilize a systematic valuation process to quantify forward looking views
 - Forecasts earnings and dividends (long-term)
 - Determine normalized long-term earnings and whether the current stock price is under or over-valued
 - Each stock is characterized into industry sector and ranked into quintiles

January 1, 1987 – December 31, 2024

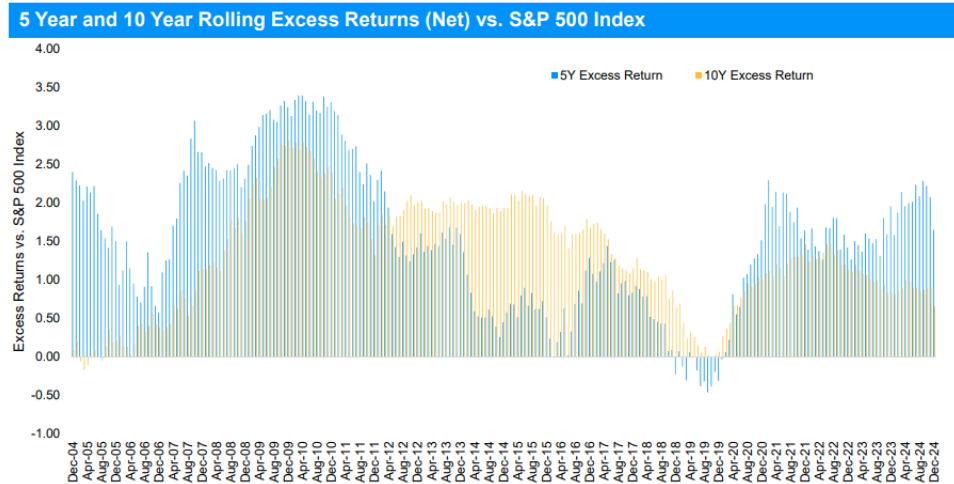
Quintile Performance vs. S&P 500 Index



J.P. Morgan (cont.)



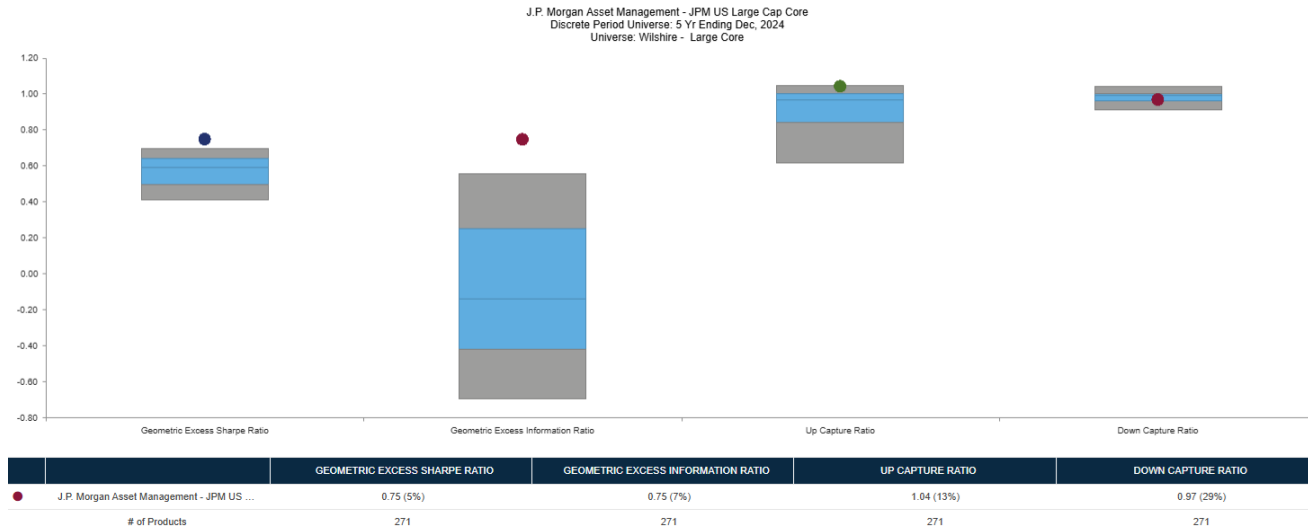
- Investment Process (cont.)
 - Construct portfolio driven by stock selection while concentrating risk into the highest conviction ideas
 - PM selects from most attractively valued stocks within each sector (typically first 2 quintiles)
 - Attractively valued, where insights are differentiated and conviction is high, where there exists a compelling risk-reward relationship
 - 50-70 names; TE 2-4%; relative sector weights +/- 4%; specific security weights +/- 4%
 - Style neutral portfolio, stock selection driven excess performance



J.P. Morgan (cont.)



J.P. Morgan					
As of: 12/31/24	1YR	3YR	5YR	10YR	SI
US Large Cap Core Equity Strategy	24.83	9.21	16.49	14.06	12.49
S&P 500 Index	25.02	8.94	14.53	13.10	11.31
<i>Relative Performance (+/-)</i>	<i>-0.19</i>	<i>0.27</i>	<i>1.96</i>	<i>0.96</i>	<i>1.18</i>
Inception Date: 12/31/85					



T. Rowe Price



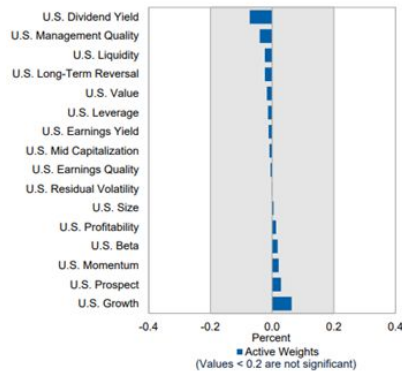
- Organization Structure
 - Founded in 1937; IPO 1986
 - 2000 became T. Rowe Price Group; employees hold 7% of outstanding
 - Firm AUM over \$1.6T; Strategy AUM of \$89.6b
- Investment Team
 - Analyst driven (28) who are industry specialists; managed by 5-member Portfolio Oversight Committee (21/9)
- Client / Product Stability
 - Past few years, strategy has added 7 clients with net inflows over \$300m
- Investment Philosophy
 - Fundamental research is key; differentiated sources can create a competitive advantage
 - Company earnings and revenue can be mispriced; stock price mean reversion
 - Investors overreact to news, providing opportunities
 - Seek to add value over a full market cycle rather than short-term fluctuations; leadership is often difficult to anticipate

T. Rowe Price (cont.)



- Investment Process
 - Strategy is a collection of industry focused analyst driven portfolios; bottom-up stock selection
 - Capital allocated across the analyst team in alignment with index weights associated with coverage area
 - Each analyst manages their own portfolio; express conviction in each holdings based on research
 - Business model / management quality / market position / valuation
 - Portfolio Oversight Committee
 - 5 PMs, assign coverage areas, mentors / develops analysts, oversees activity, ensures adherence with portfolio constraints & risk controls

BARRA^{1,2} RISK FACTORS FOR US STRUCTURED RESEARCH EQUITY REPRESENTATIVE PORTFOLIO—ACTIVE EXPOSURES

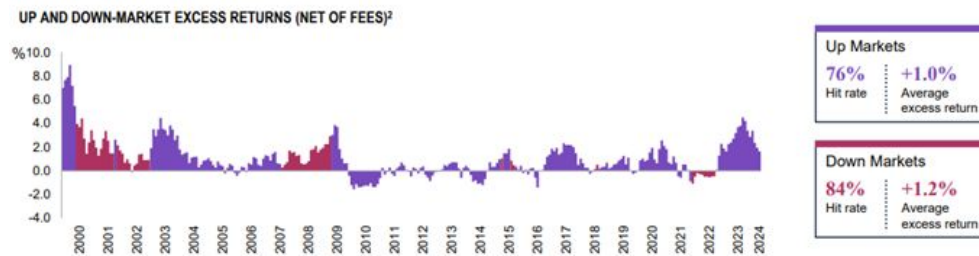
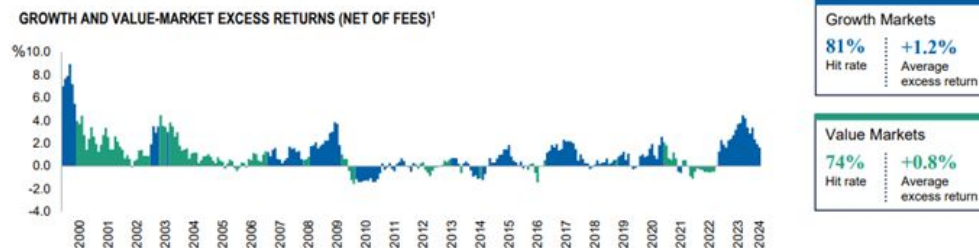


	Total	Info Tech	Financials	Health Care	Comm Svcs	Consum Stpls	Materials	Utilities	Real Estate	Industrials & Bus Svcs	Energy	Consum Disc
Over (Under) Weight	-	-0.20	1.06	-0.05	0.29	-0.46	-0.03	0.12	-0.35	-1.10	-0.27	0.36
Portfolio Weight (Average)	100.00	24.55	15.06	13.61	9.95	6.44	2.52	2.90	2.28	7.66	3.39	11.02
Index Weight (Average)	100.00	24.74	14.00	13.67	9.65	6.90	2.54	2.78	2.63	8.76	3.66	10.66

T. Rowe Price (cont.)



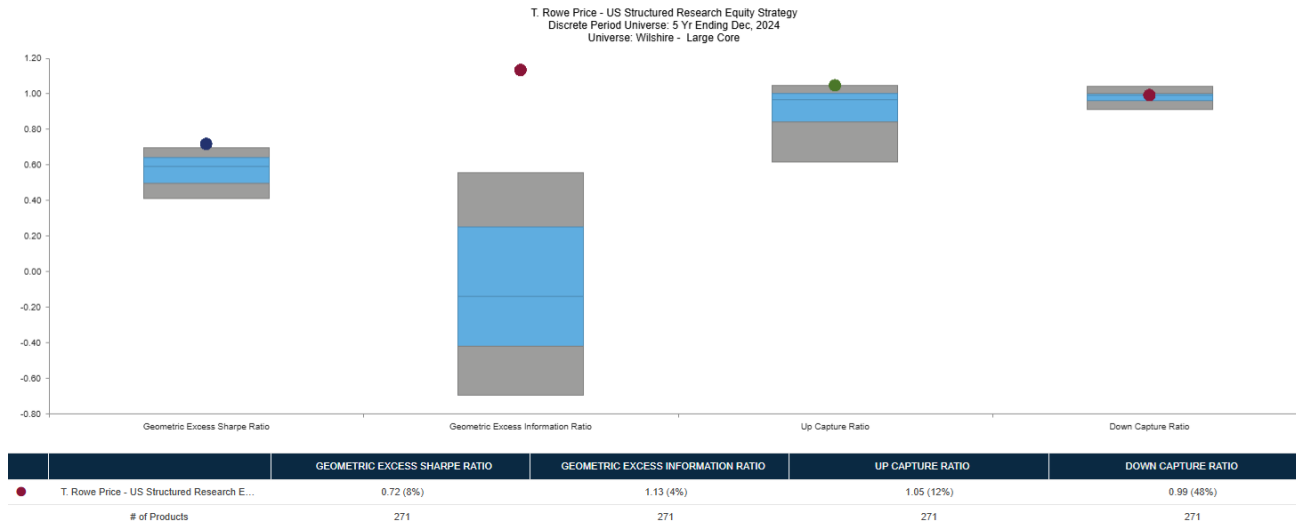
- Investment Process (cont.)
 - Portfolio consists of 200-275 stocks; relative weight +/- 15bps ; TE < 1.75%
 - Relatively industry (+/- 100bps) & sector (+/- 150bps) neutral; active positions +/- 100bps
 - All weather portfolio not dependent on factor or style leadership, driven by individual stock risk



T. Rowe Price (cont.)



T. Rowe Price					
As of: 12/31/24	1YR	3YR	5YR	10YR	SI
US Structured Research Equity Strategy	26.99	10.53	15.87	14.37	9.59
S&P 500 Index	25.02	8.94	14.53	13.10	8.06
<i>Relative Performance (+/-)</i>	<i>1.97</i>	<i>1.59</i>	<i>1.34</i>	<i>1.27</i>	<i>1.53</i>
Inception Date: 05/31/99					



Implementation & Sizing



- As of 12/31/24, \$397.1m invested in the U.S. large cap factor-based portfolio (5.2% U.S. / 3.3% public equity)
 - Retire the investment; primary source of funding for new mandates

- Allocation should be more meaningful in terms of attribution to performance (Internal S&P 500)

- Upsizing the allocation and blending the two finalists, expected return can be improved while maintaining current risk levels in the greater portfolio
 - Strategies complement one another – both expected to outperform over a market cycle, but do so with differentiated return paths
 - T. Rowe Price – well-diversified large number of incremental bets that compound overtime
 - J.P. Morgan – takes larger relative positions, creates opportunity for greater excess return albeit with higher level of relative risk, less predictable return path
 - Blending the two yields a higher expected return, yet smoother return path (correlation 0.53)

- Seeking approval to invest up to 12.5% of public equities; with initial funding to approximate 6.6%

Initial Approximate Plan Participation based on 12/31/24 Allocations				
KERS	77,000,000.00	KERS INS	40,300,000.00	117,300,000.00
KERS-H	27,300,000.00	KERS-H INS	16,200,000.00	43,500,000.00
CERS	308,800,000.00	CERS INS	111,000,000.00	419,800,000.00
CERS-H	111,600,000.00	CERS-H INS	57,400,000.00	169,000,000.00
SPRS	14,300,000.00	SPRS INS	6,600,000.00	20,900,000.00
	539,000,000.00		231,500,000.00	770,500,000.00

RECOMMENDATION



- Staff and the consultant believe J.P. Morgan and T. Rowe Price will be a positive addition to the KPPA investment program and the Global Public Equity allocation.
 - While distinct, the shared philosophical belief in conjunction with differentiated construction methodologies, yields complimentary return profiles.
 - Neither relies on style biases or tilts but rather on idiosyncratic stock selection to drive relative performance, which helps to insulate from macro theme influences
 - The expected result is a more efficient global public equity portfolio, with a better risk/reward profile and increased diversification, as both strategies have low to negative correlations with existing public equity mandates
- ***J.P. Morgan – U.S. Large Cap Core Equity Strategy***
 - ***Up to 6.25% of the total global public equity allocation, with initial funding of approximately 3.3% (approximately \$383.3m). Primary funding to come from the internal factor-based U.S. large cap portfolios, with additional funds from the Internal S&P 500 portfolios.***
- ***T. Rowe Price – U.S. Structured Research Equity Strategy***
 - ***Up to 6.25% of the total global public equity allocation, with initial funding of approximately 3.3% (approximately \$383.3m). Primary funding to come from the internal factor-based U.S. large cap portfolios, with additional funds from the Internal S&P 500 portfolios.***



EXTERNAL MANAGER
SEARCH AND
SELECTION REPORT:
US LARGE CAP PUBLIC
EQUITY

IN CONJUNCTION WITH
WILSHIRE ASSOCIATES

Recommendation

Kentucky Public Pensions Authority (KPPA) Staff and Wilshire are recommending investments for all KERS and SPRS portfolios in two actively managed U.S. Large Cap Public Equity mandates to be managed by J.P. Morgan and T. Rowe Price pending successful investment management agreement negotiations.

No placement agents have been involved or will be compensated as a result of this recommendation.

Introduction

In a continued effort to improve the portfolio, staff has decided to terminate its efforts managing a US large cap factor-based public equity portfolio modeled after Scientific Beta's US Four Factor Equal Weighted Index. This strategy seeks to implement tilts towards factors believed to add value over the longer-term (size, value, momentum, & volatility). While the strategy has performed relatively as expected, these factors have not been rewarded during its tenure in the KPPA portfolio for any sustainable period. In addition, the tracking error has been greater than expected. Therefore, it has been determined that the strategy should no longer be utilized as part of KPPA's global public equity strategy allocation. The liquidation of this portfolio will serve as the primary funding source for the new recommended active US large cap public equity strategies, with supplemental funding provided by the Internal S&P 500 Index portfolio. Staff desires to add value over the US large cap index through lower tracking error active management with reasonable fees given the exposure and expected relative performance.

This report serves as a review of the competitive, open search process in accordance with the Investment Policy Statement and the Investment Procurement Policy and serves as a recommendation to the Investment Committee to approve investments in the strategies within the global public equity allocation.

Established Criteria

The initial screening was established through collaboration with our independent investment consultant, Wilshire. The criteria were designed to capture as many strategies as possible, while at the same time ensuring the strategies meet certain minimum qualifications. Due to such a large universe of potential candidates, screening criteria was refined several times. The final screening criteria were as follows:

- U.S. Large Cap Universe: Benchmarks included S&P 500 and/or Russell 1000
- Active Management: Majority of holdings must be U.S. large cap stocks
- Firm AUM: greater than \$10 billion
- Strategy AUM: greater than \$1 billion
- Minimum five-year track record
- Firm/Team ranked by Wilshire's Manager Research Team third decile or better (qualitative)
- Separate Account Offering
- Relative Returns (1,3,5 &10Year Periods): Positive Excess
- Tracking Error (1,3,5 &10Year Periods): Above 1%
- Excess Information Ratios (1,3,5 &10Year Periods): Above 0.50
- Sharpe Ratios (1,3,5 &10Year Periods): Positive Excess
- Up/Down Capture Ratios (1,3,5, &10Year Periods): Above 1.0/Below 1.0

Candidate Pool

Preliminary screening from the Wilshire Investment Management database provided a candidate list of 111 potential strategies. Additional screening and staff input culled this list down to seven firms (nine strategies). These firms were provided a Request For Information (RFI), and from those responses, a short list was created for further due diligence.



The RFI recipients consisted of the following seven firms and nine strategies:

- Acadian Asset Management: Enhanced U.S. Equity
- BlackRock: Systematic Active Equity U.S. Alpha Tilts**
- Columbia Threadneedle: U.S. Contrarian Large Cap Core Strategy**
- Intech Investment Management: U.S. Enhanced Plus
- J.P. Morgan: Large Cap Core**
- J.P. Morgan: U.S. Analyst Large Cap Core Strategy
- J.P. Morgan: REI 150 Strategy
- Los Angeles Capital Management: U.S. Large Cap Enhanced Equity
- T. Rowe Price: U.S. Structured Research Equity Strategy**

** Strategy selected for further discussions.

General Process

Staff and consultant employed the same systematic process used in prior searches to narrow the potential candidates down to the finalists. The Wilshire Investment Management database, which consists over 12,000 strategies, is the starting point for setting the universe of potential ideas. This database is self-populated by external managers and contains a significant amount of information regarding their specific firm and its product(s). Minimum criteria are set to cull the potential candidate list down to a more manageable size, regarded as the short list. This criteria includes, but is not limited to qualitative assessments of the firm and portfolio management team, firm / product asset under management, available capacity, a demonstrated ability to add value over varying periods, length of track record, etc. Staff may add managers to the list that may not have either made it through the initial screen or who may not participate in the database. From this point, an additional cut is made based on further quantitative evaluation including, but not limited to, capture ratios, risk/return profiles, active share, etc. Staff then sent a Request For Information (RFI) to the remaining candidates (7 across 9 strategies) designed to generate insight into the firm's structure, staffing, product stability, investment team/philosophy/process, and other meaningful data points. Staff and consultant having read the RFI responses narrowed down the candidate list further for presentations and discussions (4). Additional discussions were held with the perceived frontrunner(s) prior to making the final decision to bring the finalists for presentation to the Investment Committee.

Organization Structure and Stability

J.P. Morgan

J.P. Morgan Investment Management Inc. is an investment advisor under J.P. Morgan Asset Management and is wholly owned by J.P. Morgan Chase & Company (founded in 1863), which is publicly traded on the NYSE (JPM). As of most recent available data, employees of J.P. Morgan Chase held roughly 3.5% of outstanding shares. The firm manages over \$1 trillion in public equity markets; the U.S. Large Cap Core Equity Strategy had an AUM of roughly \$81.9 billion as of 12/31/24.

T. Rowe Price

T. Rowe Price was founded in 1937 and later incorporated in 1947. It remained a wholly owned, privately held company for nearly 40 years. In 1986 the firm initiated its public offering, and in 2000, the firm reorganized itself into a holding company, known as T. Rowe Price Group, Inc. (TRPG). Today, TRPG remains an independent publicly traded company, with significant employee ownership, of approximately 7% of the outstanding shares. Firm AUM stood at approximately \$1,607 billion as of close 12/31/24. The U.S. Structured Research Equity Strategy platform had an AUM of \$89.6 billion.

Investment Team

J.P. Morgan

The investment team consists of three portfolio managers with an average of 25 years of investment experience, 19 of which have been spent with the firm. The lead portfolio manager has ultimate authority over all buys and sells. In



addition, the portfolio management team is responsible for ensuring strategy implementation, adherence to guidelines and risk controls. Portfolio managers are supported by a team of 18 dedicated career analysts who are sector specialists. Analysts average nearly 23 years of industry experience, and 12 years with the firm. Supporting each analyst is a “junior” person who has seven years of experience on average. Firm tenure across the team demonstrates stability.

T. Rowe Price

The strategy is analyst driven; however, it is managed by a five-member portfolio oversight committee. The committee assigns coverage to an analyst stable of 28, who are industry specialists. In addition to assigning coverage areas, the committee is responsible for mentoring and developing the analysts, ensuring adherence to portfolio constraints, and risk management. Members of the portfolio oversight committee have an average investment experience of over 21 years, and an average tenure on the strategy of approximately 9 years, demonstrating stability. Analysts’ investment experience ranges from four to +15 years.

Investment Philosophy and Process

J.P. Morgan

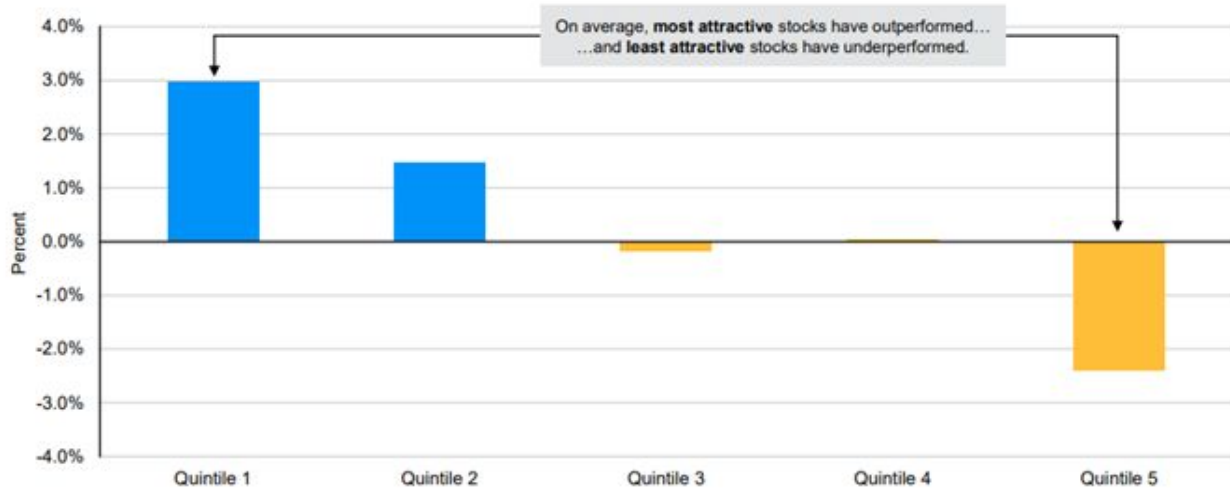
The firm believes that by understanding the long-term normalized earnings power of a company, they can take advantage of mispricing that results from near-term information. Further, the team holds that consistent outperformance can be achieved through solid stock selection in the context of a high conviction fully invested, broadly diversified and style consistent portfolio. The key to being able to do this lies in an information advantage that is developed through proprietary, fundamental research.

The investment process breaks down into three key steps: 1) create a sustainable, proprietary information advantage by leveraging a dedicated team of fundamental analysts, 2) utilize a systematic valuation process to quantify forward-looking views and capture analysts’ insights, and 3) construct portfolios with a focus on driving alpha through stock selection while concentrating the risk budget in the highest conviction ideas.

The team looks to build an information advantage by leaning on proprietary, fundamental research conducted by analysts who are career specialists in a particular industry. Analysts spend time meeting with company management, suppliers, competitors, and end-users, to gain a full appreciation of the investment drivers of stocks they cover. Analysts strive to gain an understanding of the dynamics of a business, its growth prospects, and the sustainability of competitive advantage. This is done by studying the economics (how a business creates value for shareholders), duration (the sustainability of value creation), and governance of an opportunity. All three of these are influenced by industry factors, company factors, and management choices.

The team follows a systematic valuation process where the main inputs are the analysts’ forecasts of company earnings and dividends, determined by extensive analysis of each company’s business outlook and financial situation. Long-term forecasts of future earnings, cash flows and dividends, as well as a stock’s current price, are key inputs into the valuation process. Analysts seek to determine normalized long-term earnings and establish if the current stock price is under or over-valued given this outlook. Each stock is characterized into an industry sector and ranked into quintiles based on the determined internal rate of return for each stock.

January 1, 1987 – December 31, 2024

Quintile Performance vs. S&P 500 Index

Portfolio construction is a function of the portfolio manager selecting the most attractively valued stocks within each sector, typically purchasing those names in the first two quintiles. However, the PM may purchase and hold names ranked in any quintile. This could be from a risk mitigation perspective (portfolio construction), or acknowledgement that a stock ranked in the fourth quartile of one sector may be more attractive than a stock ranked in the first quintile of another. Holdings are focused among those names that are attractively valued, where insights are differentiated, and conviction is high. Ultimately, where there exists a compelling risk-reward relationship. The manager states, the best stock to own is one “which is fundamentally undervalued, displays positive price momentum, and has a healthy balance sheet with positive earnings estimates.” Conversely, those names that find themselves slipping down the quintile rankings are candidates for trimming or full sells.

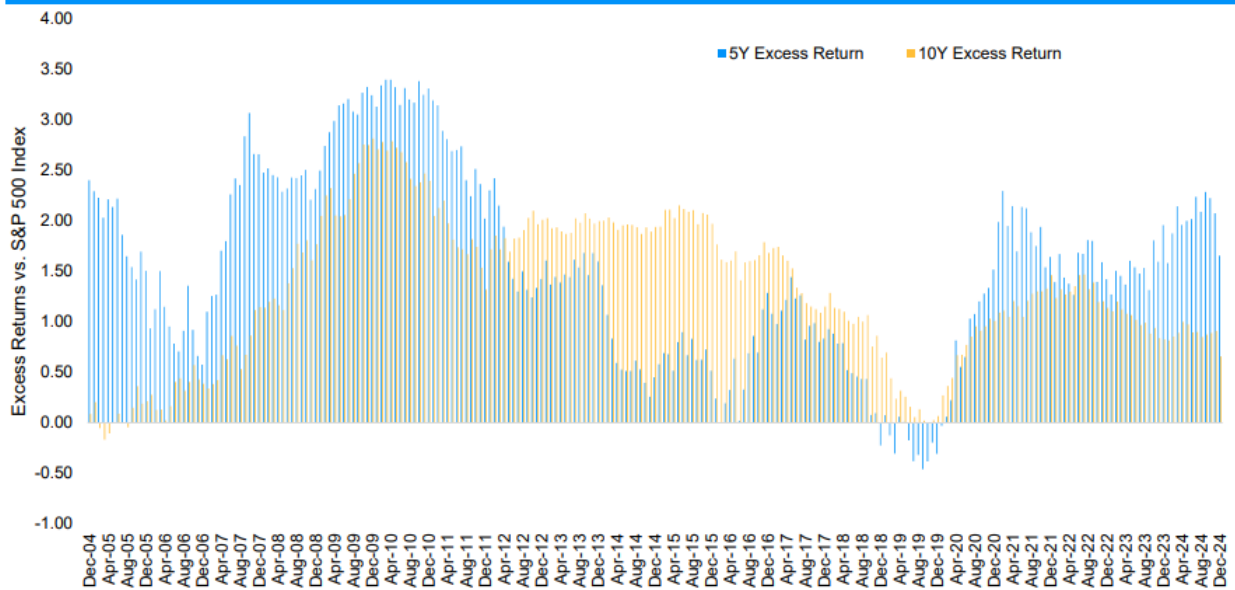
The final portfolio typically consists of 50-70 stocks and has an expected tracking error of 2-4%. Relative sector weights are limited to +/- 4%. Security specific relative weights are also, +/- 4%; however, securities are limited to maximum exposure of 5% at the time of purchase. The portfolio is expected to be fully invested with a cash position of 0-3%.

The portfolio management team is responsible for evaluating the overall level of risk relative to the benchmark. The team utilizes tools such as Barra and FactSet to monitor for style drift or value at risk. Further, a Guidelines and Monitoring Team is responsible for monitoring daily compliance with client guidelines. Trading compliance software (Sentinel) is utilized to run pre-trade checks on all orders submitted prior to execution to ensure portfolio compliance with guidelines.



As demonstrated from the chart above, the strategy is not style dependent. The primary driver of relative performance is stock selection. The strategy is most successful when the market is rational, and values companies based on their fundamental long-term expected profitability. Analysts’ ability to forecast accurately versus market consensus is critical. The strategy is likely to struggle when the market values securities outside of fundamental characteristics. However, these periods tend to be short-lived. The following chart demonstrates the consistency of the strategy’s relative outperformance.

5 Year and 10 Year Rolling Excess Returns (Net) vs. S&P 500 Index



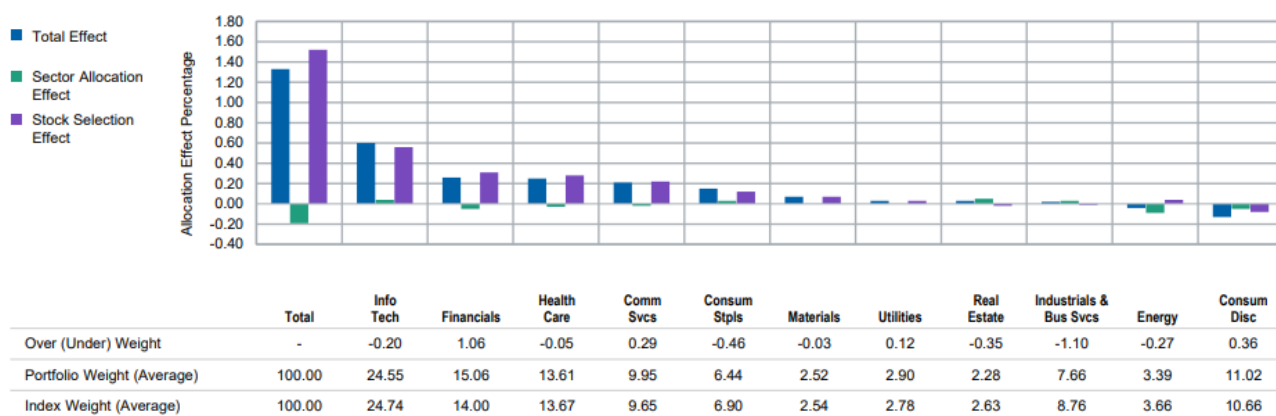
T. Rowe Price

The firm’s investment philosophy hinges on three core beliefs. First, fundamental research is key to discovering companies that will outperform their peers. This tenant is bolstered by the insight that not all investors are equally well-informed meaning research and the pursuit of differentiated sources of information can provide a competitive edge.



Further, a company’s earnings and revenue stream are often mispriced (relative to history, sector/industry, or market) and gains can be harvested through stock price mean reversion. Second, the firm believes many investors overreact to news, whether good or bad, which provides disciplined investors opportunities to both buy and/or sell. Last, the strategy seeks to add value over a full market cycle rather than in short-term market fluctuations, recognizing that sector, style, and capitalization leadership is often difficult to anticipate.

The strategy is essentially a collection of industry focused analyst driven portfolios that use a fundamental bottom-up approach to stock selection. Capital is allocated across the analyst team in alignment with the index weights associated with their coverage area. Each analyst manages their own portfolio in the terms of security selection, weights, and the timing of trades. Analysts choose to overweight, underweight, or hold non-index securities expressing conviction in each holding based on company-specific research. This research incorporates a business’s financial condition, an evaluation of a company’s business model / management quality / market position, and an assessment of the company’s valuation. A sell discipline is incorporated throughout the assessment / portfolio monitoring process. Holdings are candidates for sell (whether trimming or wholesale) are those that experience a change in their fundamental assessment, relative valuation becomes no longer attractive, better opportunities emerge, and through rebalancing.



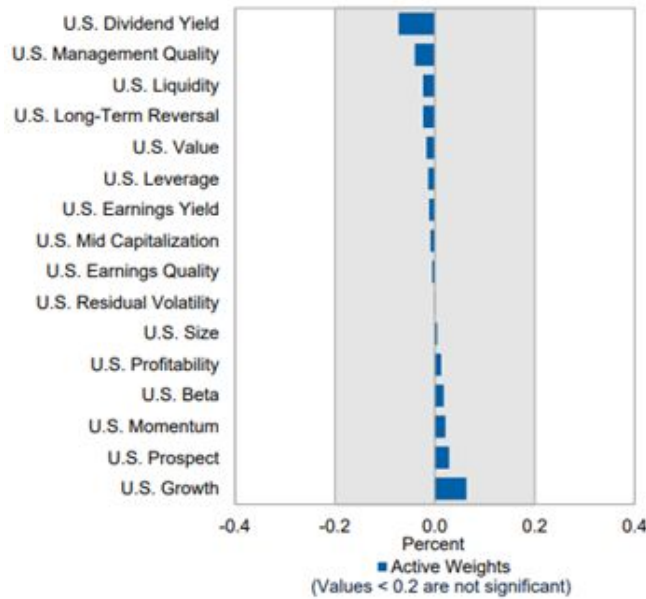
The final portfolio typically consists of 200-275 stocks with typical relative weights ranging in +/-15bps, resulting in a portfolio with an expected tracking error of less than 1.75%. The portfolio is relatively industry/sector neutral with industry ranges of +/-100bps and sector ranges of +/-150bps. Active position sizes typically range +/-100bps (stocks that are more than 3% of the index, +/-150bps). The portfolio is allowed to invest in non-benchmark securities with a maximum position of 50bps, and an aggregate limit of 10%.

As noted, analyst activity is subject to the Portfolio Oversight Committee. The committee is comprised of five portfolio managers who assign coverage areas, mentor and develop analysts, oversees analyst activity, and ensures adherence to portfolio constraints and risk controls.

Risk management is primarily the responsibility of the Portfolio Oversight Committee. The committee utilizes a proprietary tool to monitor the risk profile of the portfolio, along with Barra risk model, Zepher SyleADVISOR, and FactSet to develop a daily risk management report. Risk is managed by closely monitoring factor exposures, controlling active position sizes, maintaining industry and sector neutrality, and monthly rebalancing.



BARRA^{1,2} RISK FACTORS FOR US STRUCTURED RESEARCH EQUITY REPRESENTATIVE PORTFOLIO—ACTIVE EXPOSURES



As mentioned, (and demonstrated by the above chart) the strategy’s relative success is not dependent on style, sector, or the direction of market. As such, this is an all-weather strategy that should perform in both bull and bear markets regardless of drivers. However, the strategy can find itself lagging in more narrowly led markets.

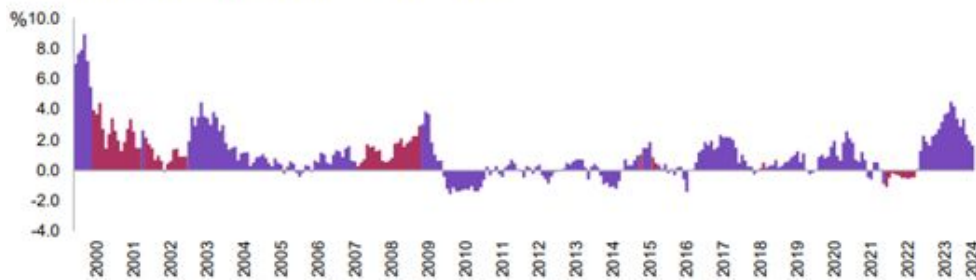
GROWTH AND VALUE-MARKET EXCESS RETURNS (NET OF FEES)¹



Growth Markets
 81% Hit rate +1.2% Average excess return

Value Markets
 74% Hit rate +0.8% Average excess return

UP AND DOWN-MARKET EXCESS RETURNS (NET OF FEES)²



Up Markets
 76% Hit rate +1.0% Average excess return

Down Markets
 84% Hit rate +1.2% Average excess return



Client Stability

J.P. Morgan

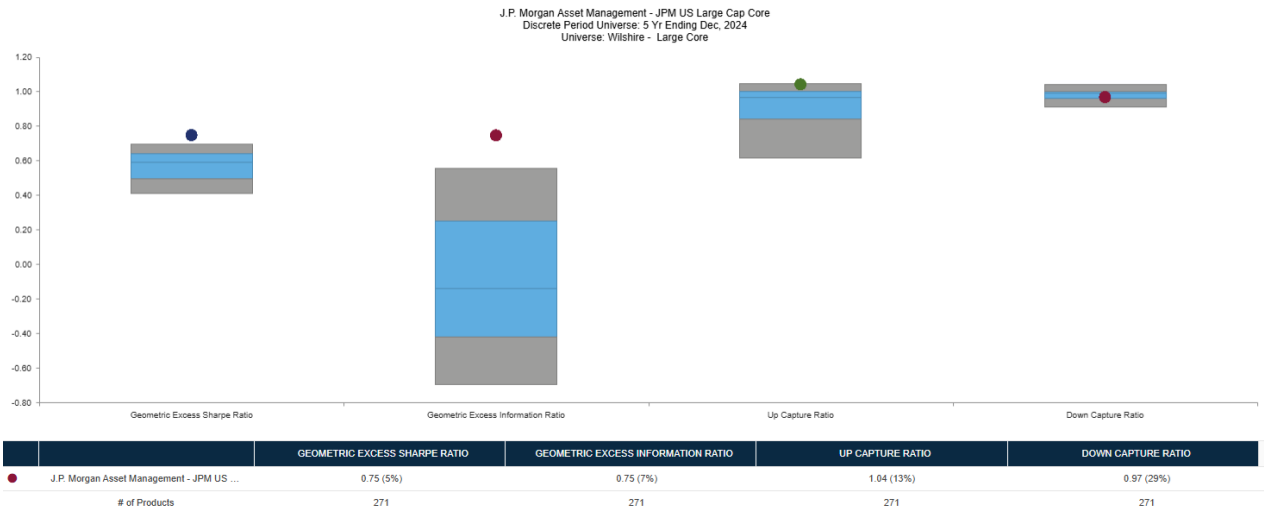
The strategy has been stable in terms of the number of clients and net flows. Over the past few years, the strategy has netted an additional 21 client relationships, bringing the total to over 70. Further, the strategy has experienced net inflows of over \$740 million during that same period. Per the manager, this is considered the flagship strategy of their core domestic efforts, and as such is seeing significant interest from potential clients.

T. Rowe Price

The strategy has been relatively stable in terms of the number of clients and net flows. Over the past few years, the strategy has netted an additional seven client relationships, bringing the total to nearly 50. Further, the strategy has experienced net inflows of over \$300 million during that same period.

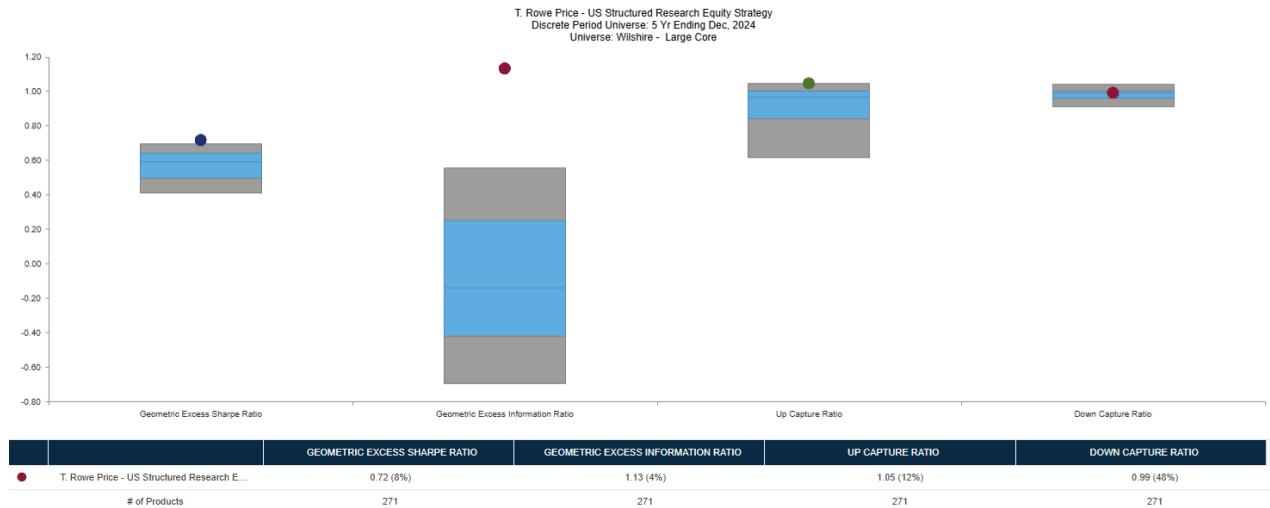
Performance

J.P. Morgan					
As of: 12/31/24	1YR	3YR	5YR	10YR	SI
US Large Cap Core Equity Strategy	24.83	9.21	16.49	14.06	12.49
S&P 500 Index	25.02	8.94	14.53	13.10	11.31
<i>Relative Performance (+/-)</i>	<i>-0.19</i>	<i>0.27</i>	<i>1.96</i>	<i>0.96</i>	<i>1.18</i>
Inception Date: 12/31/85					



T. Rowe Price					
As of: 12/31/24	1YR	3YR	5YR	10YR	SI
US Structured Research Equity Strategy	26.99	10.53	15.87	14.37	9.59
S&P 500 Index	25.02	8.94	14.53	13.10	8.06
<i>Relative Performance (+/-)</i>	<i>1.97</i>	<i>1.59</i>	<i>1.34</i>	<i>1.27</i>	<i>1.53</i>
Inception Date: 05/31/99					





Implementation and Portfolio Sizing

As of close December 31, 2024, across the pension and insurance trusts KPPA invested approximately \$397.1 million in the U.S. large cap factor-based strategy. This equates to roughly 5.2% of the U.S. equity exposure, or approximately 3.3% of KPPA’s total global public equity investments.

Staff and the consultant believe that it is time to retire from its current factor-based investing efforts. These funds should be utilized to fund calculated risk-aware active investment management. Further, staff and the consultant believe the allocation should be more meaningful in terms of its attribution to performance. As mentioned previously, additional funds would be provided from the internal large cap portfolios.

Standalone, each suggested alternative produces less risk, defined by tracking error, than the current factor-based strategy. Further, by upsizing the allocation and blending the two finalists, expected return can be improved while maintaining current risk levels in the greater portfolio. The two strategies complement one another, while both candidates are expected to outperform the index over a market cycle, they are expected to do so with differentiated return paths. T. Rowe Price’s offering provides a well-diversified large number of incremental bets that historically produce an all-weather portfolio that produces outperformance that compounds overtime. On the other hand, J.P. Morgan’s offering, while diversified, takes larger relative positions versus the index. This creates the opportunity for greater excess return, albeit with a higher level of relative risk, which leads to a less predictable return path. It should be noted that both strategies boast impressive Sharpe and information ratios, pointing to a good risk / reward trade. By blending the two strategies, staff believes that the Systems can benefit from an increased expected return while smoothing the return path. Given the two strategies operate in the same space utilizing the same benchmark, it is expected that they would have a positive correlation; however, because of the differences in portfolio construction and expected return paths, the projected correlation between the two strategies is 0.53, far from perfectly correlated, demonstrating a level of diversification.



Staff is seeking approval for up to a total of 12.5% of the Global Public Equity allocation in the combined mandates, with initial funding of approximately 6.6% of the Global Public Equity allocation.

Initial Approximate Plan Participation based on 12/31/24 Allocations				
KERS	77,000,000.00	KERS INS	40,300,000.00	117,300,000.00
KERS-H	27,300,000.00	KERS-H INS	16,200,000.00	43,500,000.00
CERS	308,800,000.00	CERS INS	111,000,000.00	419,800,000.00
CERS-H	111,600,000.00	CERS-H INS	57,400,000.00	169,000,000.00
SPRS	14,300,000.00	SPRS INS	6,600,000.00	20,900,000.00
	539,000,000.00		231,500,000.00	770,500,000.00

Management Fees

J.P. Morgan

The manager has proposed an effective annual fee for the strategy of 28bps based on an initial funding allocation size of approximately \$383.3 million across both the pension and insurance trusts. This is a competitive rate based on the universe data supplied by Wilshire for similar strategies of similar size. The proposed rate ranks just outside of the top quartile (cheapest) among active U.S. large cap strategies. It should be noted that the manager will offer relational pricing upon funding. This would effectively bring the strategy cost down to 27bps and would create additional savings of 3-4bps on the emerging market strategy currently utilized in the global public equity allocation.

T. Rowe Price

The manager has proposed an effective annual fee for the strategy of 24bps based on an initial funding allocation size of approximately \$383.3 million across both the pension and insurance trusts. This is a competitive rate based on the universe data supplied by Wilshire for similar strategies of similar size. The proposed rate ranks in the top quartile (cheapest) among active U.S. large cap strategies.

Third-Party Provider and Placement Agent Disclosure

In accordance with KRS' & CERS' gating practices, staff has requested the finalist to acknowledge transparency requirements, and to complete a conflict of interest statement and placement agent form. No placement agents have been involved or will be compensated as a result of this recommendation. A copy of the managers' Statement of Conflict of Interest and Placement Agent questionnaire have been attached to this recommendation.

Recommendation

As previously stated, in a continued effort to improve the portfolio, staff has made the determination to recommend terminating the internal US large cap factor-based portfolios. The allocation will serve as the primary funding source to establish the new active relationships in the US large cap space, with secondary funding coming from the Internal S&P 500 mandates.

Staff and the consultant believe the J.P. Morgan's US Large Cap Core Equity and the T. Rowe Price's US Structured Research Equity strategies will be a positive addition to the KPPA investment program. While distinct strategies, the shared philosophical belief in conjunction with differentiated construction methodologies, yields complimentary return profiles. Neither strategy relies on style biases or tilts to drive relative performance, but rather on idiosyncratic stock selection, which helps to insulate relative performance from macro themes. The expected result is a more efficient public equity portfolio, with a better risk/reward profile and increased diversification, as the strategies have low to negative correlations with existing public equity mandates.

Based on the comprehensive search conducted and the compelling opportunity to enhance the overall global public equity allocation, KPPA Staff and Wilshire put forth the following recommendations for the Investment Committee's consideration:

J.P. Morgan – U.S. Large Cap Core Equity Strategy

Up to 6.25% of the total global public equity allocation, with initial funding of approximately 3.3% (approximately \$383.3 million). Primary funding to come from the existing internal factor-based US large cap portfolios, with additional funds from the Internal S&P 500 portfolios.

T. Rowe Price – U.S. Structured Research Equity Strategy

Up to 6.25% of the total global public equity allocation, with initial funding of approximately 3.3% (approximately \$383.3 million). Primary funding to come from the existing internal factor-based US large cap portfolios, with additional funds from the Internal S&P 500 portfolios.

We welcome any comments or questions by the Committee.

Appendix

- Wilshire: Large Cap Core Manager Search Packet (Contains Short-list Candidate Pool)
- J.P. Morgan Conflict of Interest and Placement Agent Disclosure
- T. Rowe Price Conflict of Interest and Placement Agent Disclosure



To: KRS Investment Committee
From: Investment Staff
Subject: Public Equity Performance Benchmark Recommendation
Date: February 19, 2025

Recommendation

The Investment Policy Statement currently prescribes the MSCI All Country World Index Net USD (MSCI ACWI \$ net) as the performance benchmark for the Public Equity Asset Class. Staff and Wilshire have made the determination that this Index does not represent the current investment exposure and strategy of the asset class and embeds an unintended bias in the Global Equity allocation. Staff and Wilshire recommend adopting the MSCI All Country World Investable Market Index (MSCI ACWI IMI) as this benchmark represents a better alignment of the actual exposure and strategy of the portfolio as well as the desires of the Board.

History

Investment Policy Statements (IPS) prior to April 2022 provided a target allocation to both US Public Equities and to NonUS Public Equities. Accordingly, these previous IPSs prescribed regional performance benchmarks for measurement of those asset classes. With the adoption of the April 2022 IPS, the individual targets to both US and NonUS Public Equity allocations were removed in favor of the adoption of a Global Public Equity target using the MSCI ACWI \$ net as the performance benchmark.

Staff managed these changes in Asset Class targets and classifications utilizing the existing roster of investment managers and strategies in a manner appropriate to provide the desired Global Public Equity exposure, with the aim of minimizing both the direct and indirect costs of a significant portfolio turnover event.

Public Equity

04/30/22	Current	MSCI ACWI Net	100.0%					
01/31/16	03/31/22	Ruseell 3000	50.0%	MSCI ACWI ex US IMI Net	50.0%			
07/31/13	12/31/15	Russell 3000	45.5%	MSCI ACWI ex US	45.5%	MSCI EM Index	9.0%	

US Equity

04/31/13	Current	Russell 3000	100.0%					
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Non US Equity

10/31/17	Current	MSCI ACWI es US IMI Net	100.0%					
01/31/16	09/30/17	MSCI ACWI ex US IMI	100.0%					
07/31/13	12/31/15	MSCI ACWI ex US	100.0%					

Issue

It is expected that relative performance deviations will occur regularly due to tracking error, whether the result of active management or actively managed positioning tilts within the portfolio, surrounding style, region, or market cap. Those deviations should be attributed to a known source. In the recent market environment of large cap



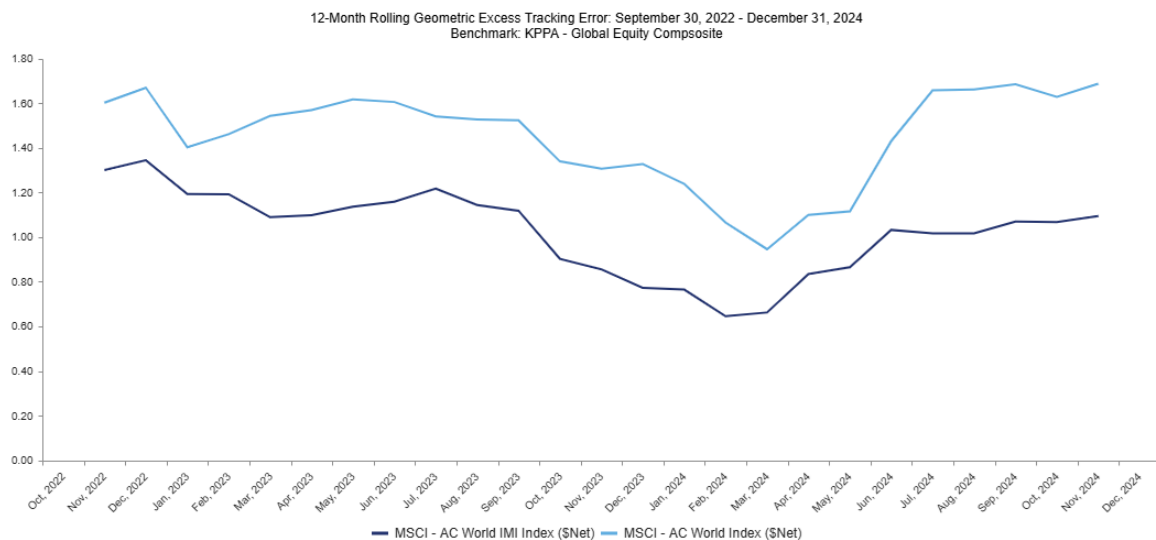
dominance, the degree of relative performance deviations at the Global Public Equity asset class level could not be fully explained by identifiable performance attributes or positioning.

This prompted staff to initiate an investigation into the current performance benchmark utilized in terms of its appropriateness given the actual portfolio’s exposures. Historically for the Public Equity asset class given the legacy strategies and asset class categorizations, staff utilized the Russell family of indices for the US portfolios and the MSCI family of indices for Non-US mandates. While blending two distinct index families can be difficult, the methodology employed by staff to build the Global Equity exposure has proven effective and has performed as expected. Legacy benchmarks (shown above) utilized included the R3000 and MSCI ACWI ex US IMI, providing the broadest definition of the investable universe.

The most recent IPS’s adoption of the MSCI ACWI \$ Net as the Global Equity performance benchmark created what Staff believes was an unintended structural small cap bias within the Global Equity portfolio, embedding an increased level of tracking error. This unintended embedded bias surfaced due to the significant performance deviations between US Public Equity market caps.

After discussions with MSCI (the index provider) and Wilshire, it has been confirmed that the MSCI ACWI \$ Net Index does not incorporate the bottom 15% of companies (by market cap), confirming the structural bias.

The following chart provided by Wilshire, demonstrates the shift in tracking error had KPPA employed the MSCI ACWI IMI. As demonstrated, tracking error would have been consistently decreased, at times by as much as +40%. A tighter tracking error is indicative of a more appropriate benchmark given a portfolio’s exposure.



Recommendation

Staff and Wilshire recommend that the IPS performance benchmark for Global Public Equity allocation be changed from the MSCI ACWI \$ Net to the more appropriate MSCI ACWI IMI. This change would expand the investable universe of the performance benchmark to one that is more appropriate given the exposures and strategy of the KPPA Global Public Equity portfolio.



Performance - 12/31/24	FYTD	1YR	3YR	5YR
KPPA Global Equity	5.04%	15.22%	4.43%	9.28%
<i>MSCI ACWI</i>	<i>5.56%</i>	<i>17.49%</i>	<i>5.41%</i>	<i>10.06%</i>
<i>MSCI ACWI IMI</i>	<i>5.52%</i>	<i>16.37%</i>	<i>4.90%</i>	<i>9.67%</i>

To: Kentucky Public Pensions Authority
From: Wilshire Advisors
Subject: Global Equity Benchmark
Date: January 30, 2025

Background

In 2021/2022 the U.S. and Non-U.S. Equity composites were combined into a Global Equity composite. This combination provided staff with a single public equity target instead of static regional targets between the U.S. and Non-U.S. markets. Static benchmark weights do not enable the benchmarking process to reflect the natural shifts that occur over time between U.S. and Non-U.S. market weights. The U.S. Equity composite had previously been benchmarked to the Russell 3000 index while the Non-U.S. composite was benchmarked to the MSCI All Country World ex. U.S. IMI Index (ACWI ex US IMI). Both of these indexes are commonly used by institutional investors. Upon the creation of the new Global Equity composite, the MSCI ACWI was selected as the new asset class benchmark.

According to the CFA Institute, a valid benchmark should possess the following characteristics, aligning the benchmark's style and risk with the asset class or manager:

- **Specified in advance**: The benchmark should be known at the start of the period
- **Appropriate/Relevant**: The benchmark should be consistent with the investment approach and style
- **Measurable**: Its value and return can be determined on a reasonably frequent basis
- **Unambiguous**: Clearly defined identities and weights of securities constituting the benchmark
- **Reflective of the current investment options**: The managers have current knowledge of and expertise with the securities in the benchmark
- **Accountable**: The manager(s) should accept the applicability of the benchmark and recognize differences in performance between the portfolio and benchmark as the results of active management
- **Investable**: The benchmark should be possible to replicate passively

Analysis

Upon a recent review of the Global Equity composite, it was determined that the experienced tracking error of the composite vs. its benchmark was higher than expected. Staff and Wilshire investigated the sources of tracking error within the portfolio and determined that while the MSCI ACWI represents the qualities above of a good benchmark, the MSCI ACWI IMI index was a better fit due to the construction methodology of the IMI index. Specifically, the MSCI ACWI index only covers 85% of the market capitalization per MSCI's construction methodology. Given the implementation of the public equity composite within small and micro-capitalization strategies, the MSCI ACWI IMI index is a better reflection of the current investment options in the portfolio as it covers 99% of the global equity investment opportunity set.



Given the tracking error above incorporates active management in addition to benchmark differences, analysis was performed to compare the underlying benchmarks at the region level to quantify the impact of using the standard MSCI regional index vs. the IMI counterpart. It was determined that by using the IMI version of the index as the global equity benchmark, over 65% of the systematic tracking error could be removed, reducing the one-year tracking error from 81bps down to 27bps.

Recommendation

Wilshire and staff are in agreement that the MSCI ACWI IMI Index is a better benchmark for the reasons listed above and would recommend that the global equity benchmark be changed accordingly within the Investment Policy Statement and used for performance reporting purposes.

KENTUCKY RETIREMENT SYSTEMS
BOARD OF TRUSTEES ~~TRUSTEES~~
EDUCATION PROGRAM POLICY

Adopted: November 20, 2008
Amended: April 15, 2021

I. Introduction

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

Commented [JB1]: The process documentation may need to be updated once this is complete.

II. Definitions

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

1. "Approved Education Activity" is a Trustee Education Activity that has been approved for credit hours of training by the Board, Chief Executive Officer (CEO), the Kentucky Public Pensions Authority Executive Director (Executive Director), or other designee ~~by signing the Trustee Education Activity Certification of Completion form in accordance with this Policy~~.
2. "Trustee Education Activity" is any educational activity, program, or training which provides instruction in one or more of the following areas:
 - A. Benefits;
 - B. Benefits administration;
 - C. Investment concepts;
 - D. Investment policies;
 - E. Current composition and administration of retirement systems investments;

- F. State or federal statutes, regulations, case law, and/or other applicable authority governing Kentucky Retirement Systems or fiduciaries;
 - G. Bylaws of the Board;
 - H. Actuarial and financial concepts pertaining to the retirement systems;
 - I. Governmental accounting and audit; and/or
 - J. Performance planning.
3. "Chief Executive Officer" or "CEO" is the Chief Executive Officer of the System or his or her designee.
 4. "Executive Director" is the Executive Director of the Kentucky Public Pensions Authority (KPPA) or his or her designee.
 5. "Credit hour" is sixty (60) minutes of actual time spent on Approved Education Activities, which may be accrued in increments of not less than fifteen (15) minutes.
 6. "~~Education Calendar~~ Year" is the twelve (12) months ~~commencing on a Trustee's date of appointment and on the anniversary of that date thereafter~~ from January 1 through the following December 31.
 7. "Trustee" is a member of the Board.

III. Board Approved Education Activities

The Board hereby ~~states that adopts~~ the following ~~shall be approved by the CEO, Executive Director, or other designee~~ as Approved Education Activities:

1. Presentations by the CEO, General Counsel, the ~~KPPA~~ Executive Director, and/or other KPPA staff on any of the areas included under "Trustee Education Activity."
2. Attendance at meetings (e.g., Board, Committee) where there is a presentation on a topic identified as a Trustee Education Activity and where the meeting agenda states that the presentation is an Approved Education Activity. ~~is or~~
3. Workshops and conferences¹ presented by the following:
 - A. The National Association of State Retirement Administrators (NASRA),
 - B. The National Association of Public Pension Attorneys (NAPPA),
 - C. The National Conference on Public Employee Retirement Systems (NCPERS), and
 - D. The Institutional Limited Partners Association (ILPA).

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

Commented [JB2]: Section IV. Has the CEO and ED approved activities and states that it is only for those activities not delineated as a Board Approved Education Activity

Commented [JB3]: That is in the definition of ED

Commented [JB4]: CERS policy also lists:
 1. Presentation by a Trustee of material that is approved as a Trustee Education Activity and for which the participants are receiving continuing education or professional association credit, and
 2. Videos of a previously recorded CERS approved Education Credit that is watched by a Trustee. This activity will must be performed in consultation with the CERS CEO.

4. Approved Education Activities found on the following websites:
 - A. Board Smart (<https://kppa.boardsmart.com>), or
 - B. KnowBe4 (<https://knowbe4.com>).

5. The Commonwealth's Ethics Code training provided by the Department of Personnel. There are two options for this training:
 - A. Watch the YouTube Executive Branch Ethics Training video for the current calendar year accessed by Trustees using a secure link emailed to them, or
 - B. Read the Kentucky Personnel Cabinet's Online Ethics Training Program document for the current calendar year emailed to the Trustee, which contains the information from the video.

Commented [JB5]: This is indicated in the Process Documentation. Board Smart indicates for the CEO to pull transcripts to see if a trustee completed any activities. KnowBe4 has required trainings that are educational activities. Does not indicate how completion is verified.

Commented [JB6]: Indicated in Process Document that this is required, but not how its completion is verified.

In order to receive credit hours for attending a Board Approved Education Activity, Trustees must submit a completed Trustee's Education Activity ~~Certification of Completion~~ Verification Form as described in Sections ~~V and VI~~ VIII, after participating in an Approved Education Activity.

IV. Chief Executive Officer, Executive Director, (or Designee) Approved Education Activities and Responsibilities

1. A Trustee Education Activity not delineated as a Board Approved Education Activity in accordance with Section III, may be approved by the CEO, Executive Director, or other designee upon a Trustee's submission of a completed ~~Trustee Education Activity Certification of Completion form as described below in Sections V and VI~~ Trustee's Education Activities Verification Form after participating in a Trustee Education Activity.
2. The ~~Trustee Education Activity Certification of Completion~~ Trustee's Education Activities Verification Form must be submitted with appropriate documentation, such as a sample agenda, course outline, or materials describing the content of the Trustee Education Activity. The CEO, Executive Director, or other designee may request additional supporting materials on a case-by-case basis.
3. The Board will not pay for the educational activity unless it is approved by the CEO, Executive Director, or other designee on a ~~Trustee Education Activity Certification of Completion form~~ Trustee's Education Activities Verification Form.
4. Types of education activities that may be submitted for approval by the CEO, Executive Director, or other designee:
 - A. Review of educational material related to public pensions and/or investments;
 - B. Workshops and conferences presented by other state retirement systems;
 - C. Workshops and conferences presented by non-profit organizations other than those noted in Section III, ~~3, Number Three (3)~~;
 - D. Workshops and conference presented by trade groups, vendors, potential

vendors, and other for-profit entities (however, before any such educational opportunities are approved, the program must be reviewed by Kentucky Public Pensions Authority staff for compliance with the Executive Branch Code of Ethics under KRS Chapter 11A and the Executive Branch Procurement Code under KRS Chapter 45A);

E. Educational Material reviewed by the Trustee outside of a workshop or conference program and not provided by Kentucky Public Pensions Authority staff.

5. The CEO, Executive Director, or other designee shall review each ~~Trustee Education Activity Certification of Completion-Trustee's Education Activities Verification Form form~~ and shall notify the Trustee of whether the educational activity is approved for credit hours as an Approved Education Activity. An approval in any given year shall not bind the CEO, Executive Director, or other designee to approve an educational activity as an Approved Education Activity in any future year.

V. New Trustee Orientation Program

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

2. The New Trustee Orientation Program shall consist of no less than eight (8) credit hours of Approved Education Activities.

3. The Chief Executive Officer shall be responsible for working with KPPA staff to make the New Trustee Orientation Program available for New Trustees, and may designate other Approved Education Activities for fulfilling the requirements of the New Trustee Orientation Program.

4. The New Trustee Orientation Program shall:
A. include training in each of the categories listed under "Trustee Education Activity" in Section II.2.

B. The New Trustee Orientation Program shall emphasize legal and fiduciary responsibilities of Trustees, including, but not limited to, presentations on these topics by independent third party experts, and

A.C. New Trustees shall also be informed New Trustees about the operations of the System and KPPA through presentations by any of the following: the CEO, the General Counsel, the KPPA Executive Director, the KPPA Chief Investment Officer, the KPPA Executive Director of the Office of Operations, the KPPA Executive Director of the Office of Benefits, the KPPA Executive Director of the Office of Legal Services, the KPPA Internal Audit Director, the KPPA Information Security Officer, and other qualified KPPA staff members designated by the CEO.

5. If a New Trustee fails to complete the New Trustee Orientation Program within

one (1) year following the date the New Trustee is sworn in, in accordance with KRS ~~78.782(17)(a)~~61.645(18)(a), the System shall withhold payment of all per diems and ~~travel expenses~~reimbursements due to the New Trustee (or which subsequently may come due) until such time as the New Trustee completes the New Trustee Orientation Program and in accordance with Section IX.

6. Each New Trustee attending an Approved Education Activity for the New Trustee Orientation Program shall certify to the CEO, Executive Director, or other designee on a Trustee's Education Activity ~~ics~~ Certification of Completion ~~Verification~~ Form that the New Trustee attended the Trustee Education Activity, the total number of credit hours sought, and all other information required by the form and in accordance with Section VIII.
7. A Trustee's Education Activity ~~ics~~ Certification of Completion ~~Verification~~ Form for the New Trustee Orientation Program must be received by the CEO, Executive Director, or designee no later than twelve (12) calendar months following the New Trustee's date of appointment. A Trustee's Education Activity Certification of Completion ~~Verification~~ Form received later than twelve (12) calendar months following the New Trustee's date of appointment will not be approved.
8. The CEO, Executive Director, or designee shall maintain a record of all Approved Education Activities attended and/or performed by each New Trustee. At the end of the New Trustee's first ~~Education Year~~ year after the date the New Trustee is sworn in, the CEO, Executive Director, or other designee shall report in writing to the New Trustee whether the New Trustee has complied with the requirements of the New Trustee Orientation Program. The report shall include the number of credit hours earned and any remaining credit hours that need to be earned to fulfill the requirements of the New Trustee Orientation Program.

Commented [JB7]: How will they come into compliance then?

Commented [JB8]: The process documentation and the CERS policy indicates the CEO also has to make status reports on this quarterly to the Board and the trustee.

VI. Annual Required Training

1. For every ~~Education Calendar~~ Year, Trustees shall complete a minimum of twelve (12) credit hours of Approved Education Activities.
 - A. The eight (8) credit hours of New Trustee Orientation Program for New Trustees shall be applied toward the annual twelve (12) credit hour requirement for the New Trustee's first ~~Education Calendar~~ Year. Accordingly, New Trustees shall be required to complete four (4) credit hours in addition to the New Trustee Orientation Program in order to meet their annual required training requirements during their first ~~Education Calendar~~ Year.
 - B. For New Trustees who are sworn in after the first month of the calendar year, the twelve (12) required credit hours shall be prorated based on the number of months served in that calendar year.
 - C. Credit hours earned in any calendar year cannot be carried over to the next calendar year.
2. The Board, CEO, Executive Director, or other designee shall make available

Approved Education Activities and may approve other Trustee Education Activities for fulfilling the annual training requirements.

3. Each Trustee attending an Approved Education Activity shall certify to the CEO, Executive Director, or other designee on a Trustee's Education Activity ~~ies~~ ~~Certification of Completion~~ ~~Verification~~ Form that the Trustee attended the Trustee Education Activity, the total number of credit hours sought, and all other information required by the form ~~and in accordance with Section VIII.~~

~~3.4.~~ A Trustee's Education Activity ~~ies~~ ~~Certification of Completion~~ ~~Verification~~ Form for an ~~Education-Calendar~~ Year must be received by the CEO, Executive Director, or other designee no later than the expiration of the ~~Education-Calendar~~ Year ~~for the Trustee.~~ A Trustee's Education Activity ~~ies~~ ~~Certification of Completion~~ ~~Verification~~ Form for an ~~Education-Calendar~~ Year received later than the expiration of the ~~Education-Calendar~~ Year ~~for the Trustee~~ will not be approved.

4.5. If a Trustee fails to complete the annual required training, in accordance with ~~KRS 78.782(17)(b)61.645(18)(b),~~ the System shall withhold payment of all per diems and ~~travel expenses~~ ~~reimbursements~~ due to the Trustee ~~(or which subsequently may come due) until such time as the Trustee completes the annual required training in accordance with Section IX.~~

6. The CEO, Executive Director, or other designee shall maintain a record of all Approved Education Activities attended and/or performed by each Trustee.

A. ~~The CEO shall meet with each Trustee at the beginning of the fourth quarter of each calendar year to discuss the Trustee's compliance with this policy. If the Trustee does not yet have enough approved education activity credit hours for the calendar year, the CEO and Trustee shall put together a plan for the Trustee to be compliant by the end of the calendar year.~~

B. At the end of each ~~Trustee's Education-Calendar~~ Year, the CEO, Executive Director, or other designee shall report in writing to the Trustee whether the ~~Trustee~~ has complied with the annual training requirements. The report shall include the number of credit hours earned and any remaining credit hours that ~~need to be~~ ~~should have been~~ earned to fulfill the annual required training.

Commented [JB9]: Then how will the trustee make up the hours?

Commented [JB10]: The process documentation and the CERS policy indicates the CEO also has to make status reports on this quarterly to the Board and the trustee.

VII. Trustee Education Activity and Continuing Education Requirements

The CEO, Executive Director, or other designee may authorize an education activity that is a continuing education requirement for a Trustee's private accreditation not related to a Board function as an Approved Education Activity for which a Trustee may receive credit hours if the education activity provides instruction on one or more of the areas listed under "Trustee Education Activity." However, the Board shall not pay for any such training and the Trustee shall not receive any per diem or reimbursement under the Board's Per Diem and Reimbursement Policy for an Approved Education Activity for which the Trustee also receives continuing education credit, un-related to the Trustee's service on the Board.

VIII. Trustee Education Activity Completion

In order to receive credit hours for participating in a Trustee Education Activity, Trustees shall complete timely in accordance with this Policy:

- 1. A Trustee Education Activity Verification Form with appropriate documentation, such as a sample agenda, course outline, or materials describing the content of the Trustee Education Activity certifying:
 - a. They attended an approved Trustee Education Activity, the total number of hours earned, and all other information required by the form, or
 - a.b. They reviewed the following educational material related to pensions and investments, the specific material reviewed, date reviewed, and time spent reviewing.
- 2. An approved Education Activity in Board Smart (<http://boardsmart.com>).

Commented [JB11]: The Process Documentation indicates Trustees can complete hours on "Board Smart" and the CEO can pull a transcript to verify. It doesn't mention how KnowBe4 is verified. Does it need a form, certification of completion, or something else?

The CEO, Executive Director, or other designee shall:

- 1. Review each submitted Trustee Education Activity Verification Form. If the form includes an approved Trustee Education Activity and is complete and accurate, the CEO, Executive Director, or other designee shall sign.
- 2. Review "Board Smart" transcripts and determine each Trustees completed courses and date completed, and
- 3. Document and track Service Credit received for each Trustee.

Commented [JB12]: This statement is based on what the process document says

IX. Travel Reimbursement and Per Diem

For a Trustee to receive per diem or travel reimbursement for their Official Duties as described in the KRS Per Diem and Reimbursement Policy, the Trustee shall be in compliance with this Trustee Education Policy, KRS 61.645(18), and 105 KAR 1:440 Per Diem and Reimbursement shall be paid in accordance with the KRS Per Diem and Reimbursement Policy.

- If a Trustee falls out of compliance with this policy for a Calendar Year, they shall not be eligible for Per Diems or Reimbursement until they make up the missed Education Activities credit hours.
- Per diems or Reimbursements shall be paid once the Trustee has all of their required Education Activity credit hours made up.
 - o No Per Diems or Reimbursements shall be backdated prior to the date the Trustee comes into compliance with the education activities requirements.
 - o Per Diems and Reimbursements shall be backdated for the time period they were out of compliance.

Commented [JB13]: Need a Board decision on which option should be policy.

X. Certification

We, the Chair of the Board of Trustees of the Kentucky Retirement Systems, and the Chief Executive Officer of the Kentucky Retirement Systems, do hereby certify that this Trustee Education Policy was made effective by the Board of Trustees of the Kentucky Retirement Systems on the ~~15th~~ day of ~~2021~~.

Commented [JB14]: Do new Trustees certify that they have read/understand the policy?

Chair of the Board of Trustees
Kentucky Retirement Systems

Date

Chief Executive Officer
Kentucky Retirement Systems
Date

Date

Executive Director
Kentucky Public Pensions Authority



KENTUCKY RETIREMENT SYSTEMS

EXTERNAL TRAINING-TRUSTEE'S EDUCATION ACTIVITIES VERIFICATION FORM

Instructions: Pursuant to KRS 61.645(18), the Kentucky Retirement Systems (KRS) Trustees Education Program allows for requires education activities not provided by the KRS CEO to be considered for approval, if the activity that conforms to the standards outlined in Chapters 1 and 2 the Kentucky Retirement Systems Trustees Education Program Policy.

Commented [JB1]: The statute does not make this statement. Additionally, since this form is being used to certify both Board approved hours and those required to be approved by the Chair, the wording needed an update.

Education Activities provide instruction in the following areas:

- Retirement benefits
- Benefits administration
- Investment concepts
- Investment policies
- Administration of retirement systems investments
- Governmental Accounting and audit
- Statutes and administrative regulations governing KRS
- Bylaws of the Board
- Case law, statutes, administrative regulations, or other application authority regarding being a fiduciary
- Actuarial and financial concepts of retirement systems
- Performance planning

Commented [JB2]: The 2 I added are listed in the Policy.

Please provide the following information: (You must also submit appropriate documentation, such as a sample agenda, course outline, or materials describing the content of the Trustee Education Activity)

Commented [JB3]: This is from Section IV. #2 of the Policy.

1. Meeting name: _____ Location: _____
 Date(s) attended: _____ Specific Education Activity: _____
 Sponsor: _____ Credit Hours Earned: _____

2. Meeting name: _____ Location: _____
 Date(s) attended: _____ Specific Education Activity: _____
 Sponsor: _____ Credit Hours Earned: _____

3. Meeting name: _____ Location: _____
 Date(s) attended: _____ Specific Education Activity: _____
 Sponsor: _____ Credit Hours Earned: _____

Trustee Attestation:

- I hereby attest that I attended the ~~external~~ meeting described ~~below~~ above and that it complies with the requirements of ~~Chapters 1 and 2~~ of the Kentucky Retirement Systems Trustees Education Program Policy.
- I hereby attest that I reviewed the following educational material related to ~~pensions and investments~~ Education Activities: _____.
 (Include the specific material, date reviewed, and time spent reviewing)

I hereby certify that the information completed on this form is true and accurate. I acknowledge that I have full understanding that any person who provides a false statement, report, or representation to a governmental entity such as KPPA is subject to penalty of perjury in accordance with KRS 523.010, et seq.

Trustee name (print): _____

Signature: _____ Date: _____

Approved by: _____ Date: _____ Number of Credit Hours Approved: _____

KRS CEO

Katie Park, Boards & Commissions Support Specialist
 Email: katie.park@kyret.ky.gov Fax: 502-696-8801
 Kentucky Retirement Systems · 1260 Louisville Rd · Frankfort, KY 40601

Page _____ of _____

EXTERNAL TRAINING VERIFICATION FORM

Please provide the following information:

- 4. Meeting name: _____ Location: _____
 Date(s) attended: _____ Specific Education Activity: _____
 Sponsor: _____ Credit Hours Earned: _____
- 5. Meeting name: _____ Location: _____
 Date(s) attended: _____ Specific Education Activity: _____
 Sponsor: _____ Credit Hours Earned: _____
- 6. Meeting name: _____ Location: _____
 Date(s) attended: _____ Specific Education Activity: _____
 Sponsor: _____ Credit Hours Earned: _____
- 7. Meeting name: _____ Location: _____
 Date(s) attended: _____ Specific Education Activity: _____
 Sponsor: _____ Credit Hours Earned: _____
- 8. Meeting name: _____ Location: _____
 Date(s) attended: _____ Specific Education Activity: _____
 Sponsor: _____ Credit Hours Earned: _____
- 9. Meeting name: _____ Location: _____
 Date(s) attended: _____ Specific Education Activity: _____
 Sponsor: _____ Credit Hours Earned: _____
- 10. Meeting name: _____ Location: _____
 Date(s) attended: _____ Specific Education Activity: _____
 Sponsor: _____ Credit Hours Earned: _____

Commented [JB4]: Page 2 was saved as a separate document, I combined them for the purpose of revising. I think the signatures have to go after all this. A few ways to resolve that:

- 1.Add an additional signature line on this page,
2. Leave it as just 1 page, removing this second page, or
- 3.Rearrange the form by removing these from here and adding addition places in the section on the first page making the signature be at the bottom of the second page?

KENTUCKY RETIREMENT SYSTEMS
BOARD OF TRUSTEES
PER DIEM AND REIMBURSEMENT POLICY

Approval Date: April 15, 2021

Section 1: **Scope**

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

Section 2: **In Session and Official Duty**

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

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

- (2) New Trustee Orientation at the Kentucky Public Pensions Authority office building in Frankfort or by virtual platform;

Commented [JB1]: This isn't an option on the per diem sheet.

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

Commented [JB2]: Changed this to a header so it wasn't in the middle of the words and removed page# because there are page numbers at the bottom of the page.

- (3) Self-selected training(s) and training seminars for Approved Education Activities in an amount not to exceed the training requirements in accordance with the Board Trustees Education Program Policy;

Commented [JB3]: This isn't an option on the Per Diem worksheet

- (4) Sessions of the General Assembly, the Legislative Research Commission, or another legislative subcommittee at the invitation of the Legislature, or a Legislator limited to the Chair or Vice Chair only.

Commented [JB4]: This isn't an option on the Per Diem sheet.

- C. The following are not considered to be "in session" or "on official duty" in order to permit the Trustee to seek a per diem reimbursement, unless specific permission is given by the Chair and the Chief Executive Officer or designee:
 - (1) Group or Association meetings;
 - (2) Membership meetings;
 - (3) Other constituent meetings; and
 - (4) When requested to appear by a court or other government entity.
- D. Trustees attending functions as described in Section 2, subsection ~~(C)~~, above of this section shall only be considered to be on official duty when attendance is at the written request, invitation or permission of the Chair of the Board and the Chief Executive Officer or designee. Approval will only be granted for a reasonable number of these functions per year.
- E. If the Chair requests authorization for functions as provided under Section 2, subsections ~~(C)~~, and ~~(D)~~, above of this section, the Vice Chair shall approve such requests.

Section 3: Authorization

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

Section 4: Preparation for Meetings

- A. Preparation for a meeting of the Board or a Committee of the Board shall include time spent reviewing written and/or video transcripts of formal administrative hearings or the records, exhibits, documents and memoranda provided to Trustees by the Systems prior to each Board or Committee meeting.
- B. Trustees shall be compensated for preparation for a meeting of the Board or a Committee of the Board as provided under ~~Section 4~~, subsection ~~(A)~~, of this section, at an hourly

~~Kentucky Retirement Systems~~

~~Board of Trustees Per Diem & Reimbursement Policy~~

~~Page 3~~

rate equal to the per diem divided by seven and one-half (7 ½) hours. Each member of the Board or Committee shall report the number of hours spent in preparation on the Preparation Reimbursement Form provided by the Systems.

- C. Committee Chairs shall review all Preparation and Reimbursement Forms and approve all hours for payment as deemed appropriate for the required task for his or her committee and then forward the approved forms to the Chief Executive Officer or designee for final approval. If a Vice-Chair has been elected for a committee, the Vice-Chair shall review the Preparation and Reimbursement Forms for the Committee Chair and then forward the approved forms to the Chief Executive Officer or designee for final approval. If there is no Vice-Chair, the Chair's Preparation and Reimbursement Forms shall be submitted directly to the Chief Executive Officer or designee for review and approval. The Chief Executive Officer or designee shall review all Preparation and Reimbursement Forms for Board of Trustee meetings and approve all hours for payment as deemed appropriate for the required task. ~~The Chief Executive Officer or designee shall review all Preparation and Reimbursement Forms and approve all hours for payment as deemed appropriate for the required task.~~

Commented [JB5]: This is a repeat of the last sentence

Section 5: Reimbursement for Travel Expenses and Per Diem

- A. Following the ~~time In Session, on Official Duty, or at another authorized~~ function, all travel expenses should be timely claimed on a Commonwealth of Kentucky Finance and Administration Cabinet Travel Voucher form. In no event shall a Trustee be reimbursed by the Systems for any expenses also claimed reimbursable from another state agency.
- B. Actual and necessary travel expenses shall be paid in accordance with 200 KAR 2:006.
- C. Twice a month, the Chief Executive Officer or designee shall ~~prepare the~~ Board Per Diem ~~Compensation Schedule Worksheet~~ and approve such payments.
- D. Reimbursement ~~and Per Diem payments~~ will be made only for individuals who are doing business on behalf of the Systems ~~and in accordance with this Policy~~.
- E. All reimbursement under this Section must be made consistent with the requirements of the Executive Branch Code of Ethics, KRS Chapter 1 IA. Please

Commented [BJ(6)]: Do we need to include what each Trustee provides to the CEO for this?

Commented [BJ(7)]: And Per Diem?

KRS Board of Trustees
Per Diem & Reimbursement Policy

refer to the Executive Branch Ethics Commission web site for more information at:
<http://ethics.ky.gov/>.

F. To receive Per Diem or travel reimbursement in accordance with this Policy, the member shall be in compliance with Trustee Education Program Policy, KRS 61.645(18), and 105 KAR 1:440

Section 6: Forms

- A. The following forms are attached and are incorporated by reference.
 - (1) Preparation Reimbursement Form - General
 - (2) Preparation Reimbursement Form - DAC/AAC
 - (3) Commonwealth of Kentucky Finance and Administration Cabinet Travel Voucher form
 - (4) All forms incorporated by reference in 200 KAR 2:006
 - (5) Per Diem Compensation Schedule
- B. These forms may be updated and amended as necessary without effect to this Policy.

Section 7: Certification

We, the Chair of the Board of Trustees of the Kentucky Retirement Systems, and the Chief Executive Officer of the Kentucky Retirement Systems, do hereby certify that this Per Diem and Reimbursement Policy was amended and made effective by the Board of Trustees of the Kentucky Retirement Systems on the 15th-day of April 2021.

Chair of the Board of Trustees
Kentucky Retirement Systems

Date

Chief Executive Officer
Kentucky Retirement Systems

Date

Executive Director
Kentucky Public Pensions Authority

Date

Commented [JB8]: None of these are attached.

Commented [JB9]: I think this is the "Board Per Diem Sheet"

Commented [JB10]: I don't know what this one is

Commented [JB11]: Forms incorporated:
(a) "Pre-paid Registration" document, Form eMARS-37, 06/19/06;
(b) "Request for Authorization of Out-of-State Travel" document, Form DOA-28, 1/2003;
(c) "Request for Authorization of Out-of-Country Travel" document, Form DOA-28A, 1/2003;
(d) "State Park Travel Authorization" document, 1/13/15;
(e) "Travel Voucher" document, Form eMARS-34, 10/27/06;
(f) "Travel Voucher Prepaid Registration Fees: Multiple Cost Distribution" document, Form eMARS-36, 06/19/06;
(g) "Travel Voucher, Other Expenses" document, Form eMARS-34B, 04/17/06;
(h) "Kentucky Official Highway Map", 2016; and
(i) "Rand McNally Road Atlas", 2017.

Commented [BJ(12): I don't know what this is.

KRS Board

Pay Period:

Name	PERNR	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	Total Days	Per Diem Rate	Total Per Diem	Prep Hours	Hourly Rate	Total Prep	Gross Pay
																	0	\$ 110.00	\$ -		\$ 14.667	\$ -	\$ -
																	0	\$ 110.00	\$ -		\$ 14.667	\$ -	\$ -
																	0	\$ 110.00	\$ -		\$ 14.667	\$ -	\$ -
																	0	\$ 110.00	\$ -		\$ 14.667	\$ -	\$ -
																	0	\$ 110.00	\$ -		\$ 14.667	\$ -	\$ -
																	0	\$ 0.00	\$ -		\$ -	\$ -	\$ -
																	0	\$ 110.00	\$ -		\$ 14.667	\$ -	\$ -
																	0	\$ 110.00	\$ -		\$ 14.667	\$ -	\$ -
																	0	\$ 110.00	\$ -		\$ 14.667	\$ -	\$ -
Total																	0		\$ 0.00	0		\$ -	\$ 0.00

To the best of my knowledge, I hereby certify that the above listed claims are true and accurate, and are allowable under the compensation provisions of KRS 16.640, 61.645, 78.782, and 61.505, which governs this Board or Agency. I understand that all Trustees for which a per diem is being requested are required to be in compliance with the Trustee Training Program Policy. I acknowledge that I have full understanding that any person who provides a false statement, report, or representation to a governmental entity such as KPPA is subject to penalty of perjury in accordance with KRS 523.010, et seq.

 John Chilton Date

* Indicates that multiple meetings were attended on the same day, but this specific meeting is not being paid.
 ** -Indicates withholding per diem until Trustee is in compliance with the Trustee Education Hour-Program Policy requirements.

Notes:

CERS Board

Pay Period:

Name	PERNR	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	Total Days	Per Diem	Total Per Diem	Prep Hours	Hourly Rate	Total Prep	Gross Pay
																	0	\$ 80.00	\$ -		\$10.667	\$ -	\$ -
																	0	\$ 80.00	\$ -		\$ 10.667	\$ -	\$ -
																	0	\$ 80.00	\$ -		\$ 10.667	\$ -	\$ -
																	0	\$ 80.00	\$ -		\$ 10.667	\$ -	\$ -
																	0	\$ 80.00	\$ -		\$ 10.667	\$ -	\$ -
																	0	\$ 80.00	\$ -		\$ 10.667	\$ -	\$ -
																	0	\$ 80.00	\$ -		\$ 10.667	\$ -	\$ -
																	0	\$ 80.00	\$ -		\$ 10.667	\$ -	\$ -
																	0	\$ 80.00	\$ -		\$ 10.667	\$ -	\$ -
Total																	0		\$0.00			\$0.00	\$0.00

To the best of my knowledge, I hereby certify that the above listed claims are true and accurate, and are allowable under the compensation provisions of KRS 16.640, 61.645, 78.782, and 61.505, which govern this Board or Agency. I understand that all Trustees for which a per diem is being requested are required to be in compliance with the Trustee Training Program Policy. I acknowledge that I have full understanding that any person who provides a false statement, report, or representation to a governmental entity such as KPPA is subject to penalty of perjury in accordance with KRS 523.010, et seq.

Ed Owens, II Date

* Indicates that multiple meetings were attended on the same day, but this specific meeting is not being paid.
** Indicates withholding per diem until Trustee is in compliance with the Trustee Education Program Policy requirements.

Notes:

KPPA Board

Pay Period: 10/15/2024

Name	PERNR	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	Total Days	Per Diem	Total Per Diem	Prep Hours	Hourly Rate	Total Prep	Gross Pay
																	0	\$80.00	\$ -		\$ 10.667	\$ -	\$ -
																	0	\$80.00	\$ -		\$ 10.667	\$ -	\$ -
																	0	\$80.00	\$ -		\$ 10.667	\$ -	\$ -
																	0	\$80.00	\$ -		\$ 10.667	\$ -	\$ -
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																	0	\$80.00	\$ -		\$ 10.667	\$ -	\$ -
Total																	0		\$0.00	0		\$0.00	\$ -

To the best of my knowledge, I hereby certify that the above listed claims are true and accurate, and are allowable under the compensation provisions of KRS 16.640, 61.645, 78.782, and 61.505, which govern this Board or Agency. I understand that all Trustees for which a per diem is being requested are required to be in compliance with the Trustee Training Program Policy. I acknowledge that I have full understanding that any person who provides a false statement, report, or representation to a governmental entity such as KPPA is subject to penalty of perjury in accordance with KRS 523.010, et seq.

 Ryan Barrow Date

* Indicates that multiple meetings were attended on the same day, but this specific meeting is not being paid.
 ** Indicates withholding per diem until Trustee is in compliance with the Trustee Education Program Policy requirements.

Notes:



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: KPPA/CERS/KRS Board
From: Ryan Barrow
Date: March 2025
Subject: KPPA Update

I. KPPA LEGISLATION:

Prior to the start of the 2025 Legislative Session, Erin Surratt and I testified before PPOB on the KPPA supported bills concerning our reorganization plans for the Office of Financial Management and pension spiking. Both bills have passed the House and are now under consideration in the Senate (HB71 & HB30).

Other notable legislation, SB10 addresses CERS non-Medicare health insurance benefits, while SB79, with an amendment, would prohibit telecommuting for executive branch agencies, including KPPA.

II. SUMMARY ANNUAL FINANCIAL REPORT (SAFR):

The SAFR, one of KPPA's most widely distributed reports, is available on the KPPA webpage and has been sent to the printer for your copy. As this is the inaugural year of having separate ACFRs for each system, the SAFR will continue to be a valuable resource summarizing key information from both reports.

III. STRATEGIC PLAN UPDATE:

The implementation of the Strategic Plan is ongoing. Under Customer Service Delivery, there are currently four teams working on separate strategic initiatives.

Active Teams:

- Quality Assurance is in the implementation stage of its recommendations regarding the account audit process.
- Survey has made recommendations and are under review.
- Member Presentations Team is poised to make its recommendations based on their research and analysis.

- Call Center AI is researching options and best practices regarding the after-call documentation process.

KPPA is working on a more thorough update for the KPPA Board at the next regularly scheduled meeting. Should any other board or committee find value in the team delivering the same level of detail, Sherry will add it to the agenda.

IV. LOUISVILLE INVESTMENT OFFICE:

This project is moving forward. We received the “last and final” bids for three properties in February. From those three options, our recommendation best meets our unique needs and aligns with the professional atmosphere we aim to continue in investments. The recommendation is now with the Secretary of Finance and Administration for final approval. While it has been a long journey, we have reached another key milestone in securing our new office space.

V. STAFFING & LEADERSHIP TRAINING:

As of the beginning of March, our full-time staff is at 262, with five departments participating in the Team KY Internship Program, and the interns will begin their orientation this May.

The new KPPA Leadership Academy was launched at the end of February. Fourteen participants from various divisions will attend monthly leadership training sessions, meet regularly with assigned mentors, and continue the leadership program through December 2025.

VI. PERSONNEL CABINET STUDY:

The Cabinet is currently conducting a statewide position description review. In the most recent round, the Information Technology (IT) job classifications across state government, including those utilized by KPPA, underwent significant changes. IT position descriptions have been or will be modified or reallocated. While this will not affect total staffing numbers, it will impact the budget. In some cases, employees may see a pay increase through reallocation, reclassification, a locality premium, and/or a special entrance rate. Some of these adjustments are permanent and others are temporary, and this will be reflected in the next KPPA personnel budget line items.

VII. KENTUCKY EMPLOYEE CHARITABLE CAMPAIGN (KECC):

The 2024 KECC Campaign ended strong and exceeded our goals. KPPA had 22% employee participation in payroll deduction, which was an increase from the previous year with

total funds raised in the amount of \$27k. Employees participated in over 12 special events that raised money for KECC while boosting employee morale, and we are already working on 2025.

VIII. KPPA CONFERENCE REPRESENTATION:

KPPA staff has represented the organization at various conferences and seminars, including the Kentucky Chamber of Commerce Supervising and Managing People seminar in December, the 2025 NCPERS Pension Communication Summit and NAPPA conference in January, and the NASRA Winter Meeting and National Institute on Retirement Security Conference in March. The information gathered at these conferences will be shared with others within the organization in various formats to ensure it is useful and accessible.

IX. KPPA KUDOS (Spotlighting outstanding performance):

LEGAL - Michael Board and his team have dedicated countless hours working with our CEOs, Boards, and outside counsel to achieve settlements in some of our most impactful legal cases. Their efforts have resulted in positive progress on some long-outstanding issues.

HR - Lori Casey, the KECC team, and KPPA have exceeded our agency goals through a highly successful campaign and outstanding coordination. Their collaboration has been instrumental in driving our success.

INVESTMENTS/ACCOUNTING - Mike Lamb, Steve Willer, and Carrie Bass have put significant effort into our Compliance function on reporting, policy review, and Board reports.

ACCOUNTING/COMMUNICATIONS - The team's work on the two inaugural ACFRs and the summary SAFR report deserves recognition. This monumental task was a huge undertaking, and we truly appreciate their hard work, dedication, and the associated awards they've earned.

KPPA STAFF & BOARDS - During the recent building closure several staff members played key roles in ensuring the Board's work continued without interruption. Leading the logistics were Sherry Rankin, Shaun Case, and Phillip Cook.

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