

**Kentucky Retirement Systems Board of Trustees  
Special Called Quarterly Board Meeting  
May 20, 2021, 10:00 a.m. EST  
Live Video Conference/Facebook Live  
AGENDA**

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|--|---------------------------------------|
| <b>1. Call to Order</b>  | <b>Keith Percy</b>                    |
| <b>2. Roll Call</b>  | <b>Alane Foley</b>                    |
| <b>3. Public Comment</b>   |                                       |
| <b>4. Approval of Minutes – April 15, 2021*</b>                          | <b>Keith Percy</b>                    |
| <b>5. Ratification of Adjournment Motions (04/19/21 &amp; 05/10/21)*</b> | <b>Keith Percy</b>                    |
| <b>6. Trustee Vacancies</b>  | <b>Keith Percy</b>                    |
| <b>7. KRS Bylaws*</b>  | <b>Kathy Rupinen, Carrie Bass</b>     |
| <b>8. CEO Position Description Approval*</b>                             | <b>Victoria Hale</b>                  |
| <b>9. Quarterly Financial Reports</b>                                    | <b>Rebecca Adkins, Connie Davis</b>   |
| <b>a. YTD Financial Spreadsheet</b>                                      |                                       |
| <b>b. Contribution Report</b>  |                                       |
| <b>c. Administrative Expenses to Budget</b>                              |                                       |
| <b>d. Outstanding Invoices</b>   |                                       |
| <b>e. Penalty Waivers</b>  |                                       |
| <b>10. Hazardous Duty Position Requests*</b>                             | <b>D’Juan Surratt</b>                 |
| <b>11. Investment Committee Report and Recommendations*</b>              | <b>Prewitt Lane, Steven Herbert</b>   |
| <b>12. Retiree Health Care Committee Report</b>                          | <b>Joe Grossman, Connie Pettyjohn</b> |
| <b>13. Kentucky Housing Corporation Cessation Approval*</b>              | <b>Erin Surratt</b>                   |
| <b>14. KRS/KPPA Update</b>   | <b>David Eager</b>                    |
| <b>15. Closed Session [Personnel KRS61.810(1)(f)] *</b>                  | <b>Keith Percy</b>                    |
| <b>16. Adjourn*</b>  |                                       |

*\*Board Action May Be Required*

**MINUTES OF MEETING  
BOARD OF TRUSTEES KENTUCKY RETIREMENT SYSTEMS  
SPECIAL CALLED MEETING APRIL 15, 2021 AT 10:00A.M.  
VIA LIVE VIDEO TELECONFERENCE DUE TO SB 150,  
SIGNED INTO LAW BY THE GOVERNOR ON MARCH 30, 2020,  
AND EXECUTIVE ORDER 2020-215 DECLARING A STATE OF EMERGENCY  
EFFECTIVE MARCH 6, 2020 DUE TO COVID-19**

At the meeting of the Kentucky Retirement Systems Board of Trustees held on April 15, 2021 the following members were present: Keith Peercy (Chair), John Chilton, Raymond Connell, Kelly Downard, Joseph Grossman, and Prewitt Lane. Staff members present were David Eager, Rebecca Adkins, Erin Surratt, Kathy Rupinen, Carrie Bass, Victoria Hale, Steven Herbert, Kristen Coffey, Shaun Case, Phillip Cook, and Alane Foley.

Mr. Peercy called the meeting to order.

Ms. Alane Foley called roll.

There being no *Public Comment*, Mr. Peercy introduced agenda item *Approval of Minutes – April 1, 2021*. Mr. Connell made a motion and Mr. Grossman seconded to approve the minutes as presented. The motion passed unanimously.

Mr. Peercy introduced agenda item *Trustee Vacancies*. There are two vacancies at this time. One appointed and one elected. Mr. Eager has reached out the Governor's office for status on the appointed Trustee vacancy, at this time there is no update. The other vacancy is an elected position which was vacated by Sherry Kremer. An announcement regarding the vacancy must be posted within 60 days. Ms. Kristen Coffey advised the Board that the announcement for the regular KRS election for the four year term is due to go out soon and requested feedback regarding a double announcement for the vacancy and the regular election. After discussion, it was decided to do a double announcement with the deadline for the vacancy application to be May 7, 2021 and the deadline for the regular election to be July 31, 2021.

Mr. Peercy introduced agenda item *KRS Bylaws and Policies*. Ms. Kathy Rupinen and Ms. Carrie Bass provided details on the following policies:

- The Confidentiality Policy was previously combined with the Conflict of Interest Policy. The KPPA Office of Legal Services recommends separating these two policies in order to more fully detail the processes outlined in each policy.
- The Conflict of Interest Policy was previously combined with the Confidentiality Policy. The KPPA Office of Legal Services recommends separating these two policies in order to more fully detail the processes outlined in each policy.
- The Election Policy has been slightly updated to reflect the existence of the KPPA and the Chief Executive Officer position for the Kentucky Retirement Systems. Additionally, the Election Policy may be updated to address required minimum voting for each elected trustee position to be filled (KPPA staff seek input from the Board on this issue). Lastly, the process for filling a vacancy in an elected trustee position on the Board has also been updated to reflect that only the remaining elected trustees on the Board will vote to appoint a candidate to fill the vacancy for the remainder of the term of the vacated trustee position, which is consistent with Kentucky Revised Statutes 61.645(5).
- The Funding Policy has been significantly updated to reflect the current statutory references for employer contributions and actuarial valuations. The County Employees Retirement System has decided not to adopt a Funding Policy because the funding mechanisms for the County Employees Retirement System are overwhelmingly spelled out in statute. Likewise, the draft of this Board's Funding Policy largely outlines what is already contained within the statutes governing the Kentucky Retirement Systems. However, it is nevertheless considered best practices for a public pension board to have a Funding Policy, regardless of how much of the Funding Policy is already covered by statute.
- The Per Diem and Reimbursement Policy has been slightly updated to reflect the existence of the KPPA and the Chief Executive Officer position for the Kentucky Retirement Systems.
- The Trustee Education Policy was slightly revised for clarity and conciseness. Additionally, a section was added to address trustee education activities that may also count as continuing education for a trustee's personal accreditation. It also outlines the time period to report educational hours, these should be reported within a year of the term date of each Trustee. If educational material is presented at Board or Committee meetings that will be notated in advance of the meeting.

Mr. Downard made a motion and Mr. Lane seconded to approve the policies as presented with the incorporation of updates to the Election Policy and the Education Policy. The motion passed unanimously.

Ms. Kathy Rupinen reviewed the Bylaws with the Trustees outlining several updates and requested input from the Board on several items.

- Section 1.1, item b Quorum; updated number of members for committees (Investment Committee will have 5 members)
- Section 1.2 Board Responsibilities; financial reporting will go to the Board. Investment Committee has authority to take action while keeping the Board informed.
- Section 1.2 Board Responsibilities, item 9 Business Continuity; leave as is
- Section 1.3 CEO Responsibilities; take out General Counsel reference in this section
- Section 2.2; item d section 1.C; update termination of providers to termination of investment managers, consultants and custodial relationships.
- Section 2.2, item 2 KPPA Executive Director Office of Investments Responsibilities; Mr. Eager has also suggested adding a statement such as: The ED of the KPPA shall be responsible for KPPA executing all aspects of the KPPA duties including the management of the assets for KRS and CER in accordance with their Investment Policy Statements and their Funding Policies. The ED will coordinate with the CEO and the Chair of the Investment Committee of the KRS and the CEO and Chair of the Investment Committee of the CERS to insure they are able to fully satisfy their fiduciary responsibilities and monitor their assets by providing the required information and reports from the KPPA custodian and consultant(s) and access to and meeting with the employees of the KPPA investment department.
- Joint Audit and Joint Retiree Health Committees were added to the bylaws
- Audit Committee responsibilities were discussed
- Recommendations to change bylaws should be given to the Trustees 15 calendar days prior to discussion.

Ms. Kathy Rupinen will update the bylaws per the conversation today and bring that back to the Board at the meeting on May 20, 2021.

Mr. Percy introduced agenda item *Committee Assignments*.

- Investment Committee: Prewitt Lane, Chair, John Cheshire, Kelly Downard and Keith Percy
- Actuarial Committee: John Chilton, Chair, Campbell Connell and Keith Percy
- Joint Audit: Kelly Downard and John Chilton
- Joint Retiree Health Care: John Chilton and Joe Grossman
- DAC/AAC #1: Newly Elected KRS Trustee
- DAC/AAC #2: Keith Percy and Campbell Connell

Mr. Percy introduced agenda item *CEO and General Counsel Job Description Approval* and started off by stating the qualifications and experience listed for CEO sets a high bar for a part time position. Currently the KPPA Executive Director has no written qualifications; it is left to the Board to decide who would be the best candidate. The CEO will work collaboratively with the KPPA Executive Director. It was concluded that the qualifications section would be removed. Ms.

Vicki Hale will work to make updates suggested by the Board and bring the CEO position description back before the Board on May 20, 2021.

There were no changes to the Conflicts General Counsel position description. Mr. Lane mad a motion and Mr. Chilton seconded to approve the Conflicts General Counsel position description as presented. The motion passed unanimously. The Board agreed to put out an RFP and request responses by May 14, 2021.

There was no KRS Update provided.

A motion was made by Mr. Grossman and Mr. Chilton seconded to go in to closed session. The motion passed unanimously.

Mr. Percy 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 the appointment (discipline/dismissal) and member account information of an employee, pursuant to KRS 61.810(1)(f) and KRS 61.810(1)(k). It is necessary to enter closed session because of the sensitive nature of the material to be considered regarding this employee, and the requirement of KRS 61.661(1) that each member's account be administered in a confidential manner. All public attendees exited the meeting.

Mr. Percy called the meeting back to open session. Mr. Lane made a motion and Mr. Downard seconded to rescind the intent to send out an RFP for Conflict General Counsel and move to hire legal counsel Johnson Bowman Branco subject to successful contract negotiations. The motion passed unanimously. Mr. Grossman stated that as a new Board it is imperative to have a General Counsel in place as soon as possible. Johnson Bowman Branco has extensive experience working with the old retirement system and the Public Pensions Oversight Board.

Mr. Connell made a motion and Mr. Chilton seconded to adjourn the meeting, to meet again on May 20, 2021 or upon the call of the Chair of the Board of Trustees. The motion passed unanimously.

Copies of all documents presented are incorporated as part of the Minutes of the Board of Trustees held April 15, 2021 except documents provided during a closed session conducted pursuant to the open meetings act and exempt under the open records act.

### **CERTIFICATION**

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

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Recording Secretary

We, the Chair of the Board of Directors of the Kentucky Retirement Systems and Chief Administrative Officer of the Kentucky Retirement Systems, do certify that the Minutes of Meeting held on April 15, 2021 were approved on May 20, 2021.

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Chair of the Board of Directors

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Chief Administrative Officer

I have reviewed the Minutes of the April 15, 2021 Board of Trustees Meeting for content, form, and legality.

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Executive Director  
Office of Legal Services

**KENTUCKY RETIREMENT SYSTEMS  
BOARD OF TRUSTEES**

**STATEMENT OF BYLAWS AND COMMITTEE ORGANIZATION**

[As Amended: \_\_\_\_\_]

**Section 1.1 GENERAL ADMINISTRATION.**

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

**a. Definitions.**

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



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

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

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

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

b. **Quorum; Parliamentary Authority.**

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

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

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

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

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

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

f. **Special Meetings.**

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

2. Special meetings of a Standing or *ad hoc* Committee of the Board of Trustees shall be held upon the call of the Committee Chair or the CEO.

3. A trustee may request that the CEO, Chair of the Board (in the case of a special meeting of the Board), or Committee Chair (in the case of a special meeting of a Committee) call a special meeting by email or other written means. Upon receipt of email or other written requests to call a special meeting from a majority of the trustees, the CEO, Board Chair, or Committee Chair shall call the requested special meeting.

g. **Notice of Meetings.**

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

the Board may be elected Chair or Vice-Chair of the Board after an absence of two (2) years from both positions.

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

**Section 1.2 BOARD RESPONSIBILITIES.**

- a. The Board shall make and maintain Bylaws.
- b. The Board shall appoint a CEO and fix the CEO's salary.
- c. The Board shall appoint a General Counsel and fix the ~~CERS~~ General Counsel's compensation.
- d. The Board shall adopt a Personnel Management policy to outline the job descriptions, qualifications, education, and skills for both the CEO and the General Counsel. This policy should also describe recruitment strategies, performance evaluations, and succession planning for these two positions.
- e. The Board may act on contracts for rental of office space, and professional services, including, but not limited to, the auditor, and legal counsel in accordance with the requirements of the Commonwealth of Kentucky Model Procurement Act (KRS Chapter 45A).
- f. The Board shall consider and take action on changes to administrative regulations proposed by the staff of the Kentucky Retirement Systems or the KPPA.
- f. The Board shall consider and take action on its ~~take be responsible for its~~ financial statements and external audits.
- g. The Board shall consider and take action on the recommendations of all of its Committees, except that ~~the AAC and DAC shall have the authority to act upon the recommendations and reports of the hearing officer on behalf of the Board in accordance with KRS Chapter 13B.~~

~~The AAC and DAC shall have the authority to act upon the recommendations and reports of the hearing officer on behalf of the Board in accordance with KRS Chapter 13B, and~~  
~~8. The Board's Investment Committee shall have the authority to act on behalf of the Board on all investment related matters, though the Board shall be kept informed of all such actions.~~

- ~~i.~~ h. The Board shall work with an actuary, who shall be a Fellow of the Conference of Consulting Actuaries or a member of the American Academy of Actuaries. KPPA will select and contract with the actuary pursuant to KRS 61.645(2)(d) which allows the Board to carry out its obligations in accordance with KRS 61.670. The Board shall consider and act on the recommendations of its actuary.
- ~~j.~~ i. The Board shall adopt contribution rates toward medical insurance premiums.
- ~~k.~~ j. The Board shall provide oversight concerning programs and services for Kentucky Retirement Systems' members, beneficiaries, recipients, and participating employers.
- ~~l.~~ k. The Board shall select candidates for each trustee ballot as provided in KRS 61.645 and 105 KAR 1:445.
- ~~m.~~ l. The Board shall establish a formal trustee education program for all trustees of the Board, pursuant to the requirements of KRS 61.645(18) and 105 KAR 1:440, and ensure that CEO organizes process for this trustee education to occur.
- ~~n.~~ m. The Board, and individual trustees, should ordinarily refer all news media inquiries to the CEO and/or the Board Chair, and should not speak on behalf of the Board or Kentucky Retirement Systems with the news media. However, nothing in this

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

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

### **Section 1.3 CEO RESPONSIBILITIES.**

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

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

**Section 2.1 STANDING COMMITTEES.**

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

**Section 2.2 STANDING COMMITTEES; DUTIES AND RESPONSIBILITIES.**

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

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

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

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

1. **Committee Responsibilities.** In matters of disability appeals, the Committee members shall consider the administrative record, including the recommended order and any exceptions filed in compliance with KRS 13B.120. The Committee shall act on behalf of the entire Board as the agency head in making a final order of the Board in accordance with KRS 13B.120. The Committee may adopt the hearing officer's recommended order; or it may reject or modify, in whole or in part, the recommended order; or it may remand the matter, in whole or in part, to the hearing officer for further proceedings as appropriate; or it may act on cases properly remanded by a court of competent jurisdiction. The Committee may also recommend legislative changes to improve the administration of the benefits. Any recommended legislative changes shall be referred to the CEO for ~~for~~ study.
2. **KPPA Executive Director Office of Benefits Responsibilities.** The KPPA Executive Director, Office of Benefits, or designated staff, in coordination with KPPA Office of Legal Services staff, will coordinate meeting dates and determine which cases will be reviewed. Designated staff will compile the administrative records and distribute the files to the Committee members prior to each meeting. Staff may provide legal or technical advice to the Committee.

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

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



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

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

- E. The Investment Committee may also recommend legislative changes to the Board to improve the administration of investment-related matters.

**2. KPPA Executive Director Office of Investments Responsibilities.**

- A. KPPA Executive Director, Office of Investments, also known as the Chief Investment Officer (CIO), shall administer the assets of the Kentucky Retirement Systems consistent with the policies, guidelines, and limits established by the law, the Investment Committee and the ~~Statement of Investment Policy~~ Statement.
- B. The CIO shall provide members of the Investment Committee with assessments of service providers and performance reports and shall have authority, subject to the approval of the Chair of the Investment Committee or the Chair of the Board of Trustees, to reduce or increase assets assigned to an investment manager that has already been hired.
- C. The CIO shall identify issues for consideration by the Investment Committee and prepare recommendations regarding those issues.
- D. The CIO shall recommend changes to the Investment Committee regarding service providers, statutes, policies or guidelines, as needed, to maintain a productive relationship between the investment program and its goals.
- E. The CIO shall communicate with the mass media and other agencies, entities, or institutions regarding investment related issues.

~~3. 3.~~ **Investment Policy.** The “~~Statement of Investment Policy~~ Statement” ~~;~~ Pension Funds, the “~~Statement of Investment Policy~~ Statement: Insurance,” and the “Investment Procurement Policy” are hereby incorporated by reference.

**4. KPPA Executive Director Responsibilities.**

The Executive Director of the KPPA shall be responsible for KPPA executing all aspects of the KPPA duties including the management of the assets for Kentucky Retirement Systems and CERS in accordance with their Investment Policy Statements and their Funding Policies. The Executive Director will coordinate with the CEO and the Chair of the Investment Committee of the Kentucky Retirement Systems and the CEO and Chair of the Investment Committee of the CERS to insure they are able to fully satisfy their fiduciary responsibilities and monitor their assets by providing the required information and reports from the KPPA custodian and consultant(s) and access to and meeting with the employees of the KPPA investment department.

- e. **Joint Kentucky Retirement Systems and CERS Retiree Health Plan Committee.** The Committee shall consist ~~of a maximum of four (4) members~~ Trustees total, two (2) Trustees appointed from the CERS ~~Board~~ by the CERS Chair and two (2) Trustees appointed from the Kentucky Retirement Systems ~~Board~~ by the Kentucky Retirement Systems’ Chair. The Committee shall elect a Chair and Vice Chair and shall assist the Board in providing a group hospital and medical insurance plan for present and future recipients of a retirement allowance from the systems administered by Kentucky Retirement Systems as required by KRS 61.702.

1. **Committee Responsibilities.**

- A. The Committee will meet quarterly to review reports from KPPA staff and retiree health insurance consultants with authority to convene additional meetings, as circumstances require. The regular quarterly meetings shall be held on the second Tuesday of February and May, the first Thursday of September, and the second Tuesday of November.
- B. The Committee will monitor retiree health insurance matters and make reports and recommendations to the Board. The Committee will evaluate retiree health insurance issues and obligations set forth in state and federal law. ~~The~~ Committee may, as deemed necessary, evaluate health insurance companies, health maintenance organizations, self-insurance proposals, and other ways of providing a group hospital and medical insurance plan for retired members as provided in KRS 61.702.
- C. The Committee may negotiate and recommend appropriate contracts for execution by the Board, in accordance with the requirements of the Commonwealth of Kentucky Model Procurement Act (KRS 45A). The Committee may solicit reports and actuarial analyses in order to analyze issues regarding retiree health insurance. The Committee may also recommend legislative changes to improve the administration of retiree health insurance related matters. Any recommended legislative changes shall be referred to the ~~Executive Director~~CEO for study.

2. **KPPA Executive Director Responsibilities.** The KPPA Executive Director and designated staff will maintain and provide the Committee with necessary information to execute its responsibilities. The KPPA Executive Director or designated staff will provide advice regarding state and federal laws and regulations. Staff will identify issues for consideration by the Committee and prepare recommendations regarding those issues.

- f. **Joint Kentucky Retirement Systems and CERS Audit Committee.** The Committee shall consist of four (4) Trustees total, two (2) Trustees appointed from the CERS Board by the CERS Chair and two (2) Trustees appointed from the Kentucky Retirement Systems Board by the Kentucky Retirement Systems' Chair and shall elect a Chair and Vice Chair. The Committee will act on behalf of the Board in fulfilling its oversight responsibilities for the system of internal control, the internal and external audit processes, and the process for monitoring compliance with laws, regulations and the code of conduct.

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1. **Committee Responsibilities.** The Committee will meet quarterly, with authority to convene additional meetings, as circumstances require. The regular quarterly meetings shall be held on the first Thursday of February and May, the fourth Thursday of August, and the first Thursday of November. The Committee shall have the authority to review reports by the Internal Auditor and to recommend appropriate policies and procedures. Additional responsibilities are enumerated in the Audit Committee Charter

2. Internal Auditor Responsibilities. The KPPA Internal Auditor will be responsible for the planning, implementation, and reporting of audits and internal audit plans. The Internal Auditor will also be responsible for the functional control and audit activities in the relation to the objectives of the KPPA Division of Internal Audit. Additional responsibilities are enumerated in the KPPA Division of Internal Audit Charter.

3. Audit Charters The Audit Committee Charter and the KPPA Division of Internal Audit Charter are hereby incorporated by reference.

- g. In addition to the duties and responsibilities described in this Section 2.2, each Standing Committee may develop appropriate additional policies and proposals to be ratified by the Board.

### **Section 2.3 DELEGATIONS OF AUTHORITY BY THE BOARD.**

**Delegation of Authority.** Except as may be prohibited by or inconsistent with law, the Board may delegate to any Standing Committee of the Board any power, authority, duty, or responsibility conferred on the Board by law. In the case of any such delegation, the decision or action of the Committee within the scope of its delegated authority shall constitute the decision or action of the Board. The Board may at any time rescind the delegated authority as a whole or in part, except that a rescission of authority with respect to quasi-judicial matters delegated to a Committee shall not operate to affect the proceedings or the final action of any such matter pending before the Committee when the Board acts to rescind. This exception is designed to preclude the Board from using its authority to rescind a delegation to interfere with the process or outcome of a quasi-judicial proceeding then in progress before a Committee which had properly commenced the proceeding within the scope of its authority.

### **Section 2.4 AD HOC COMMITTEES.**

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

### **Section 2.5 LIMITATIONS ON AUTHORITY.**

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

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

### **Section 2.6 AMENDMENT OF BYLAWS.**

These Bylaws may be amended at any regular meeting of the Board of Trustees by a vote of a majority of the entire membership of the Board. The Board shall be provided a copy of the proposed changes at least fifteen (15) calendar days prior to the meeting of the Board of Trustees where this vote shall be taken.

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**Section 3.0 CERTIFICATION OF STATEMENT OF BYLAWS AND COMMITTEE ORGANIZATION.**

We, the Chair of the Board of Trustees and the Chief Executive Officer of the Kentucky Retirement Systems, do certify that this Statement of Bylaws and Committee Organization was approved and adopted by the Board on the \_\_\_\_ day of \_\_\_\_\_, 2021.

\_\_\_\_\_  
Chair of the Board of Trustees  
Kentucky Retirement Systems

\_\_\_\_\_  
Date

\_\_\_\_\_  
Chief Executive Officer  
Kentucky Retirement Systems

\_\_\_\_\_  
Date

DRAFT

**KENTUCKY RETIREMENT SYSTEMS  
BOARD OF TRUSTEES**

**STATEMENT OF BYLAWS AND COMMITTEE ORGANIZATION**

[As Amended: \_\_\_\_\_]

**Section 1.1 GENERAL ADMINISTRATION.**

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

a. **Definitions.**

1. AAC: “AAC” refers to the Joint CERS and Kentucky Retirement Systems Administrative Appeals Committee.
2. Board: “The Board” refers to the Board of Trustees of the Kentucky Retirement Systems.
3. Board Year: The Board Year shall be from April 1 of each calendar year through March 31 of the following year.
4. Bylaws: “Bylaws” refers to the Statement of Bylaws and Committee Organization.
5. CEO: “CEO” refers to Kentucky Retirement Systems’ Chief Executive Officer, as outlined in KRS 61.645 (9).
6. CERS: refers to the County Employees Retirement System
7. CIO: “CIO” refers to the KPPA Executive Director Office of Investments.
8. Committee member: “Committee member” or “member” used in relation to a Committee refers to a member of the Board of Trustees of the Kentucky Retirement Systems serving on its Standing or *ad hoc* Committees.
9. DAC: “DAC” refers to the Joint County Employees Retirement System and Kentucky Retirement Systems’ Disability Appeals Committee.
10. KPPA: “KPPA” refers to the Kentucky Public Pensions Authority.
11. KRS: “KRS” refers to the Kentucky Revised Statutes.
12. Member: “Member” or “members” used in relation to individuals participating in a system (or systems) administered by the Kentucky Retirement Systems refers to individuals who are active members (i.e., currently participating as an employee), inactive members (i.e., formerly participated as an employee, but is not currently participating as an employee, has not retired, and has not taken a refund), or retired.
13. Retirement Office: “Retirement Office” refers to the offices of the KPPA located at 1260 Louisville Road, Frankfort, Kentucky 40601.

14. Take action on: “Take action on” used in relation to the Board refers a motion being made, seconded, and voted upon by the Board in compliance with Robert’s Rules of Order. [RONR (11<sup>th</sup> ed., as amended)].
  15. Trustee: “Trustee” refers to a member of the Board of Trustees of the Kentucky Retirement Systems.
- b. **Quorum; Parliamentary Authority.**
1. Board of Trustees: As required by KRS 61.645(8)(c), a majority of the trustees shall constitute a quorum and all actions taken by the Board shall be by affirmative vote of a majority of the trustees present.
  2. Committees of the Board of Trustees: ~~With the exception of the Investment Committee established under Section 2.2(d) of these Bylaws,~~ A majority of the trustees on any Committee of the Board appointed pursuant to Sections 2.1-2.5 of these Bylaws shall constitute a quorum of the Committee and all actions taken by the Committee shall be by affirmative vote of a majority of the Committee trustees present. ~~For the Investment Committee established under Section 2.2(d) of these Bylaws, the five (5) members of this Committee shall not constitute a quorum of the Board and shall not constitute a majority affirmative vote of the Board.~~
  3. The most recent edition of Robert’s Rules of Order shall be the parliamentary authority [RONR (11<sup>th</sup> ed., as amended)], except that if any Committee of the Board is comprised of five (5) or more trustees, the Committee shall not constitute a quorum of the Board and the Board shall be required to take action on all preliminary decisions made by the Committee, unless otherwise specified by these Bylaws.
- c. **Meetings.** Meetings of the Board and its Committees shall be conducted consistent with the Open Meetings Act, KRS 61.805 to 61.850. The Open Meetings Act shall control if any inconsistency exists between the Open Meetings Act and these Bylaws.
- d. **Annual Meeting.** The annual meeting of the Board shall be held on the third Thursday of April of each Board Year.
- e. **Regular Meetings.** Regular meetings of the Board shall be held on the third Thursday of February and May, the second Thursday of September and November, and on the first Thursday of December.
- f. **Special Meetings.**
1. Special meetings of the Board shall be held upon the call of the Chair of the Board or the CEO.
  2. Special meetings of a Standing or *ad hoc* Committee of the Board of Trustees shall be held upon the call of the Committee Chair or the CEO.
  3. A trustee may request that the CEO, Chair of the Board (in the case of a special meeting of the Board), or Committee Chair (in the case of a special meeting of a Committee) call a special meeting by email or other written means. Upon receipt of email or other written requests to call a special meeting from a majority of the



trustees, the CEO, Board Chair, or Committee Chair shall call the requested special meeting.

g. **Notice of Meetings.**

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

determined by the Board, shall appoint the members of each Standing or *ad hoc* Committee, and such appointments shall be recorded in the minutes of the current or next-following regular Board meeting. Committee members shall serve concurrently with the appointing Chair.

l. **Conflicts of Interest.**

1. Trustees shall file a statement of financial disclosure with the Executive Branch Ethics Commission within thirty (30) days of taking office.
2. Trustees shall also file a statement of financial disclosure by April 15 of each calendar year, and within thirty (30) days following departure from office as a trustee, or as otherwise provided by law.
3. Trustees shall also file a written conflict of interest statement as required pursuant to the Kentucky Retirement Systems' Conflict of Interest Policy.

m. **Confidentiality.** Trustees shall file a written confidentiality statement as required by the Kentucky Retirement Systems' Confidentiality Policy.

n. **Travel Policy Guidelines.**

1. All travel for official business of Kentucky Retirement Systems must be done in accordance with the requirements of and be consistent with KRS Chapter 45A and the Kentucky Retirement Systems' Board of Trustees Per Diem and Reimbursement Policy.
2. No more than four (4) trustees may be passengers in the same common carrier. A Maximum of one (1) executive staff of the Kentucky Retirement Systems may be a passenger in the same common carrier.
3. To avoid an accidental violation of Kentucky Open Meetings Laws, other than for scheduled meetings, no more than four (4) Trustees may attend the same off-site conference, training, etc., at the same time. The CEO, or his or her designee, shall review Trustee travel requests to coordinate attendance and avoid noncompliance with Kentucky Open Meetings Laws.

o. **Election Policy Guidelines.** All elections for elected trustees of the Board must be conducted in accordance with the provisions of KRS 61.645, 105 KAR 1:445 and the Kentucky Retirement Systems' Board of Trustees Election Policy and Procedures adopted by the Board.

p. **Violations of Board Policies and Guidelines.** If a complaint is made that a trustee violated these Bylaws or any policy approved by the Board, the Board shall follow the procedure found in the Conflict of Interest Policy in investigating the complaint.

**Section 1.2 BOARD RESPONSIBILITIES.**

- a. The Board shall make and maintain Bylaws.
- b. The Board shall appoint a CEO and fix the CEO's salary.
- c. The Board shall appoint a General Counsel and fix the General Counsel's compensation.
- d. The Board shall adopt a Personnel Management policy to outline the job descriptions,

- qualifications, education, and skills for both the CEO and the General Counsel. This policy should also describe recruitment strategies, performance evaluations, and succession planning for these two positions.
- e. The Board may act on contracts for rental of office space, and professional services, including, but not limited to, the auditor, and legal counsel in accordance with the requirements of the Commonwealth of Kentucky Model Procurement Act (KRS Chapter 45A).
  - f. The Board shall consider and take action on changes to administrative regulations proposed by the staff of the Kentucky Retirement Systems or the KPPA.
  - f. The Board shall consider and take action on its financial statements and external audits.
  - g. The Board shall consider and take action on the recommendations of all of its Committees, except that the AAC and DAC shall have the authority to act upon the recommendations and reports of the hearing officer on behalf of the Board in accordance with KRS Chapter 13B.
  - h. The Board shall work with an actuary, who shall be a Fellow of the Conference of Consulting Actuaries or a member of the American Academy of Actuaries. KPPA will select and contract with the actuary pursuant to KRS 61.645(2)(d) which allows the Board to carry out its obligations in accordance with KRS 61.670. The Board shall consider and act on the recommendations of its actuary.
  - i. The Board shall adopt contribution rates toward medical insurance premiums.
  - j. The Board shall provide oversight concerning programs and services for Kentucky Retirement Systems' members, beneficiaries, recipients, and participating employers.
  - k. The Board shall select candidates for each trustee ballot as provided in KRS 61.645 and 105 KAR 1:445.
  - l. The Board shall establish a formal trustee education program for all trustees of the Board, pursuant to the requirements of KRS 61.645(18) and 105 KAR 1:440, and ensure that CEO organizes process for this trustee education to occur.
  - m. The Board, and individual trustees, should ordinarily refer all news media inquiries to the CEO and/or the Board Chair, and should not speak on behalf of the Board or Kentucky Retirement Systems with the news media. However, nothing in this subsection is intended to prevent individual trustees from speaking to the media concerning their actions, opinions, and decisions as individual trustees.
  - n. The Board shall review the Kentucky Retirement Systems' biennial administrative budget and necessary budget amendments. The CEO (or designee) will schedule meetings, prepare budget documents and supporting schedules, and present them to Board members prior to the date of a meeting.
  - o. The Board shall review and investigate the employees whose names have been certified by the applicable authority to meet the criteria of KRS 61.592 and 105 KAR 1:130 for hazardous duty, and also those employees who have been so certified who are not, or who no longer are, working in a hazardous duty position. The Board shall take action on all such employees in accordance with KRS 61.592 and 105 KAR 1:130.

- p. The Board shall review and take action on the Joint Kentucky Retirement Systems and CERS Audit Committee findings related to the administration of the Kentucky Retirement Systems and take action as is necessary to insure the administration of the Kentucky Retirement Systems in compliance with all applicable laws and policies.
- q. The Board shall collaborate with the KPPA on Business Continuity and Disaster Recovery to ensure that the Kentucky Retirement Systems' records and operations are adequately protected and that critical business operations will continue efficiently. The Board may rely on policies and procedures developed by the KPPA to address Business Continuity and Disaster Recovery issues. The Board Chair shall act as temporary CEO in the event the CEO is not available to perform duties outlined in these Bylaws.

**Section 1.3 CEO RESPONSIBILITIES.**

- a. The CEO shall be responsible for working with the KPPA Executive Director to ensure compliance with Kentucky's Open Records laws. The CEO shall be responsible for designating a records custodian for the Kentucky Retirement Systems and the Board.
- b. The CEO shall develop a biennial budget and necessary budget amendments for approval by the Board. The CEO will coordinate approved budget requests with the KPPA Executive Director to ensure that Kentucky Retirement Systems budget requests are integrated with the KPPA budget request for submission to the Governor's office. The CEO (or designee) shall present a budget-to-actual expenditure analysis to the Board at each regular quarterly meeting of the Board.
- c. The CEO shall coordinate with the KPPA staff to ensure that information and record management is comprehensive and efficient, and shall ensure that a disaster recovery plan, continuity of operations plan, and policies to ensure cyber-security are developed and maintained.
- d. The CEO shall be responsible for implementing a formal trustee education program for all trustees of the Board, pursuant to the requirements of KRS 61.645(18).
- e. The CEO shall develop recommendations for improvements and revisions of Board policies and submit such revisions for Board approval. The CEO shall ensure that approved policies are implemented in conformance with statutes, regulations and Board policies.
- f. The CEO shall collaborate with the KPPA legal staff to monitor litigation affecting Kentucky Retirement Systems' plans. The CEO and KPPA legal staff shall report significant developments to the Board.
- g. The CEO shall act as legislative liaison, and represent the Board at legislative hearings and other legislative meetings. The CEO and KPPA Legal staff will review proposed legislation that is likely to affect the Kentucky Retirement Systems' plans or administrative management and advise the Board about pending legislation.
- h. The CEO shall provide technical assistance to the members of the General Assembly, Governor's office, and state and local government officials, as well as members, recipients, and beneficiaries of the Kentucky Retirement Systems.
- i. The CEO shall recommend legislative or regulatory changes and propose draft language.

- j. The CEO shall work with the Executive Director of KPPA to obtain from the actuary any necessary actuarial analysis of legislation affecting the Kentucky Retirement Systems.
- k. The CEO shall implement any statutory or regulatory changes and take appropriate action to conform to federal law. The CEO shall also collaborate with the KPPA Executive Director to monitor implementation of any changes designated as KPPA's responsibilities.
- l. The CEO shall sign all documents necessary to promulgate or amend an administrative regulation on behalf of the Board as the head of the Kentucky Retirement Systems in accordance with KRS 13A.220.
- m. The CEO shall communicate with the mass media and other agencies, entities or institutions, including responding to correspondence or inquiries addressed to the Board.
- n. The CEO shall coordinate reciprocal benefits with the other state administered retirement systems in Kentucky.
- o. In the case of emergency conditions that threaten the functioning of the Kentucky Retirement Systems, the preservation or protection Kentucky Retirement Systems' property or assets, vital data, or the health and safety of any person, and where a quorum of the Board is unavailable, the Executive Director may take actions necessary to prevent or mitigate the threat, even if a vote of the Board would otherwise be necessary to take such action. When a quorum of the Board becomes available, any such actions taken by the Executive Director shall be reviewed and ratified as necessary.

**Section 2.1 STANDING COMMITTEES.**

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

**Section 2.2 STANDING COMMITTEES; DUTIES AND RESPONSIBILITIES.**

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

- a. **Administrative Appeals Committee.** The Board shall collaborate with the CERS Board to develop a timely disability and administrative appeals process. The Board and the CERS Board will coordinate the Administrative Appeals process with two AAC between the two Boards. These AACs may be combined with the DACs, in compliance with KRS 61.645(16) and KRS 78.782(16). Consistent with the provisions

of KRS Chapter 13B, the AACs shall meet in alternate months, as needed, to act in matters of administrative appeals. Each Committee shall consist of three (3) members; however, the members appointed to one Committee may also serve from time to time on the other Committee. One of the AAC shall consist of two (2) CERS Trustees and one (1) Kentucky Retirement Systems Trustee. The other AAC shall consist of one (1) CERS Trustee and two (2) Kentucky Retirement Systems Trustees. The Committees shall ensure that the laws governing Kentucky Retirement Systems are administered impartially and uniformly, and that the actions of the Kentucky Retirement Systems resulting in the appeal were correct and fair under the applicable statutes and regulations.

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

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

2. KPPA Executive Director Office of Benefits Responsibilities. The KPPA Executive Director, Office of Benefits, or designated staff, in coordination with KPPA Office of Legal Services staff, will coordinate meeting dates and determine which cases will be reviewed. Designated staff will compile the administrative records and distribute the files to the Committee members prior to each meeting. Staff may provide legal or technical advice to the Committee.
- d. Investment Committee. The Committee shall consist of five (5) members, as follows:
- (i) the three (3) trustees with investment experience appointed by the Governor pursuant to KRS 61.645(1)(c),
  - (ii) one (1) trustee with retirement experience appointed by the Governor pursuant to KRS 61.645(1)(c) appointed by the Board Chair, and
  - (iii) one (1) elected trustee pursuant to KRS 61.645(1)(a)-(b) appointed by the Board Chair.
1. Committee Responsibilities.
    - A. The Investment Committee shall have authority to implement the investment policies adopted by the Board, including without limitation the Board's Investment Policy Statement (pensions and health), and to recommend action on behalf of the Board on all investment-related matters, and to acquire, sell, safeguard, monitor, and manage the assets and securities of the several funds, subject to the Board's approval.
    - B. The Investment Committee will meet quarterly to review reports from investment staff, investment consultants, and investment managers with authority to convene additional meetings as circumstances require. The regular quarterly meetings shall be held on the first Tuesday of February and May, the fourth Tuesday of August, and the first Wednesday of November.
    - C. The Committee will monitor investment performance and management practices and make reports and recommendations to the Board. The Committee will recommend the selection and termination of investment managers, investment products, custodial relationship and investment consultants. The Committee will evaluate whether the Investment Policy, the investment activities, and management controls and processes continue to be consistent with meeting the Kentucky Retirement Systems' goals, and perform other duties specified in the Investment Policy Statement.
  - D. Actuarial Subcommittee.
    1. The Chair of the Investment Committee shall appoint an Actuarial Subcommittee comprised of three (3) members, with the concurrence of the

Board Chair as to each appointee, as follows: (i) one (1) trustee appointed by the Governor pursuant to KRS 61.645(1)(c); (ii) one (1) trustee elected by members of the Kentucky Employees Retirement System; (iii) one (1) trustee elected by members of the State Police Retirement System. The Investment Committee Chair shall appoint a Chair of the Actuarial Subcommittee. The Actuarial Subcommittee will meet as necessary upon call of the Chair of the Actuarial Subcommittee.

2. Upon appointment, the Subcommittee will review and evaluate actuarial assumptions, funding methods and tables proposed by the actuary (including without limitation all economic, mortality, disability, etc. assumptions) for each system within Kentucky Retirement Systems that affect: (i) the annual determination of the actuarial valuation of assets and liabilities of the systems within the meaning of KRS 61.670; (ii) the factors that apply to amounts payable to members (e.g., early commencement, commutation, repayment, etc.); and (iii) the actuarially recommended contribution rate for employers required under KRS 61.510 to 61.692 and KRS 16.505 to 16.652, except as otherwise determined by law or regulation.

3. The Subcommittee will report its findings and recommendations of each such review or evaluation to the Investment Committee. Upon review and approval, the Investment Committee shall forward the results and its recommendations to the Board for ratification.

- E. The Investment Committee may also recommend legislative changes to the Board to improve the administration of investment-related matters.

2. **KPPA Executive Director Office of Investments Responsibilities.**

- A. KPPA Executive Director, Office of Investments, also known as the Chief Investment Officer (CIO), shall administer the assets of the Kentucky Retirement Systems consistent with the policies, guidelines, and limits established by the law, the Investment Committee and the Investment Policy Statement.
- B. The CIO shall provide members of the Investment Committee with assessments of service providers and performance reports and shall have authority, subject to the approval of the Chair of the Investment Committee or the Chair of the Board of Trustees, to reduce or increase assets assigned to an investment manager that has already been hired..
- C. The CIO shall identify issues for consideration by the Investment Committee and prepare recommendations regarding those issues.
- D. The CIO shall recommend changes to the Investment Committee regarding service providers, statutes, policies or guidelines, as needed, to maintain a productive relationship between the investment program and its goals.
- E. The CIO shall communicate with the mass media and other agencies, entities, or institutions regarding investment related issues.



3. **Investment Policy.** The “Investment Policy Statement” and the “Investment Procurement Policy” are hereby incorporated by reference.

4. **KPPA Executive Director Responsibilities.**

The Executive Director of the KPPA shall be responsible for KPPA executing all aspects of the KPPA duties including the management of the assets for Kentucky Retirement Systems and CERS in accordance with their Investment Policy Statements and their Funding Policies. The Executive Director will coordinate with the CEO and the Chair of the Investment Committee of the Kentucky Retirement Systems and the CEO and Chair of the Investment Committee of the CERS to insure they are able to fully satisfy their fiduciary responsibilities and monitor their assets by providing the required information and reports from the KPPA custodian and consultant(s) and access to and meeting with the employees of the KPPA investment department,.

- e. **Joint Kentucky Retirement Systems and CERS Retiree Health Plan Committee.**

The Committee shall consist of four (4) Trustees total, two (2) Trustees appointed from the CERS Board by the CERS Chair and two (2) Trustees appointed from the Kentucky Retirement Systems Board by the Kentucky Retirement Systems’ Chair. The Committee shall elect a Chair and Vice Chair and shall assist the Board in providing a group hospital and medical insurance plan for present and future recipients of a retirement allowance from the systems administered by Kentucky Retirement Systems as required by KRS 61.702.

1. **Committee Responsibilities.**

- A. The Committee will meet quarterly to review reports from KPPA staff and retiree health insurance consultants with authority to convene additional meetings, as circumstances require. The regular quarterly meetings shall be held on the second Tuesday of February and May, the first Thursday of September, and the second Tuesday of November.
- B. The Committee will monitor retiree health insurance matters and make reports and recommendations to the Board. The Committee will evaluate retiree health insurance issues and obligations set forth in state and federal law. The Committee may, as deemed necessary, evaluate health insurance companies, health maintenance organizations, self-insurance proposals, and other ways of providing a group hospital and medical insurance plan for retired members as provided in KRS 61.702.
- C. The Committee may negotiate and recommend appropriate contracts for execution by the Board, in accordance with the requirements of the Commonwealth of Kentucky Model Procurement Act (KRS 45A). The Committee may solicit reports and actuarial analyses in order to analyze issues regarding retiree health insurance. The Committee may also recommend legislative changes to improve the administration of retiree health insurance related matters. Any recommended legislative changes shall be referred to the CEO for study.

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

### **Section 2.3 DELEGATIONS OF AUTHORITY BY THE BOARD.**

**Delegation of Authority.** Except as may be prohibited by or inconsistent with law, the Board may delegate to any Standing Committee of the Board any power, authority, duty, or responsibility conferred on the Board by law. In the case of any such delegation, the decision or action of the Committee within the scope of its delegated authority shall constitute the decision or action of the Board. The Board may at any time rescind the delegated authority as a whole or in part, except that a rescission of authority with respect to quasi-judicial matters delegated to a Committee shall not operate to affect the proceedings or the final action of any such matter pending before the Committee when the Board acts to rescind. This exception is designed to preclude the Board from using its authority to rescind a delegation to interfere with the process or outcome of a quasi-judicial

proceeding then in progress before a Committee which had properly commenced the proceeding within the scope of its authority.

**Section 2.4 AD HOC COMMITTEES.**

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

**Section 2.5 LIMITATIONS ON AUTHORITY.**

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

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

**Section 2.6 AMENDMENT OF BYLAWS.**

These Bylaws may be amended at any regular meeting of the Board of Trustees by a vote of a majority of the entire membership of the Board. The Board shall be provided a copy of the proposed changes at least fifteen (15) calendar days prior to the meeting of the Board of Trustees where this vote shall be taken.

**Section 3.0 CERTIFICATION OF STATEMENT OF BYLAWS AND COMMITTEE ORGANIZATION.**

We, the Chair of the Board of Trustees and the Chief Executive Officer of the Kentucky Retirement Systems, do certify that this Statement of Bylaws and Committee Organization was approved and adopted by the Board on the \_\_\_\_ day of \_\_\_\_\_, 2021.

\_\_\_\_\_  
Chair of the Board of Trustees  
Kentucky Retirement Systems

\_\_\_\_\_  
Date

\_\_\_\_\_  
Chief Executive Officer  
Kentucky Retirement Systems

\_\_\_\_\_  
Date

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## **CHIEF EXECUTIVE OFFICER Kentucky Retirement Systems**

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

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### **GENERAL DESCRIPTION OF POSITION:**

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

### **ESSENTIAL DUTIES:**

#### *Board of Trustees*

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

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

#### *Fiscal Responsibility*

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

#### *Legislation*

- Maintain a positive relationship with the Legislative and Executive branches of state government.
- Review and, with the assistance of legal counsel, analyze proposed legislation and legislative developments affecting KRS.
- Make recommendations to the Board on administrative regulations and proposed legislation, including assisting KPPA in the introduction of regulations and legislation as necessary and appropriate.
- Interact with legislators as legislative liaison for KRS, and testify on proposed legislation affecting KRS.

- Ensure that an actuarial analysis has been completed and submitted to LRC for any legislation affecting KRS.
- Attend meetings of, and when required, address legislative committees (i.e., the Public Pension Oversight Board).
- Advocate for or oppose bills impacting KRS.

**QUALIFICATIONS AND EXPERIENCE:**

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

**PERSONAL CHARACTERISTICS:**

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



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Combining Statement of Fiduciary Net Position - Pension Funds									
As of March 31, 2021 with Comparative Totals as of March 31, 2020 (\$ in Thousands)									
ASSETS	CERS		KERS		SPRS	KPPA TOTAL		Percentage of Change	Note
	Non-Hazardous	Hazardous	Non-Hazardous	Hazardous		2021	2020		
<b>CASH AND SHORT-TERM INVESTMENTS</b>									
Cash Deposits	\$723	\$249	\$1,766	\$83	\$121	\$2,942	\$3,768	-21.94%	1
Short-term Investments	248,542	92,661	220,091	38,073	27,475	626,842	895,535	-30.00%	2
<b>Total Cash and Short-term Investments</b>	<b>249,265</b>	<b>92,910</b>	<b>221,856</b>	<b>38,156</b>	<b>27,596</b>	<b>629,783</b>	<b>899,304</b>		
<b>RECEIVABLES</b>									
Accounts Receivable	47,384	17,240	48,891	4,260	10,389	128,165	178,087	-28.03%	3
Accounts Receivable - Investments	172,694	59,395	70,889	17,636	8,179	328,793	268,306	22.54%	4
<b>Total Receivables</b>	<b>220,079</b>	<b>76,636</b>	<b>119,779</b>	<b>21,896</b>	<b>18,569</b>	<b>456,959</b>	<b>446,393</b>		
<b>INVESTMENTS, AT FAIR VALUE</b>									
Core Fixed Income	1,074,796	370,005	571,685	112,823	73,294	2,202,603	1,666,153	32.20%	5
Public Equities	3,824,684	1,289,292	937,642	376,953	118,018	6,546,590	4,608,640	42.05%	6
Private Equities	671,205	226,581	177,823	61,522	17,870	1,155,002	1,117,078	3.39%	
Specialty Credit	1,355,851	463,529	483,653	140,632	56,247	2,499,912	1,854,468	34.80%	7
Derivatives	3,757	1,289	1,554	373	183	7,156	2,686	166.46%	8
Absolute Return	-	-	-	-	-	-	184,760	-100.00%	9
Real Return	555,687	186,883	182,072	52,890	21,600	999,132	753,998	32.51%	10
Opportunistic	214,570	70,934	62,743	19,452	7,750	375,450	173,646	116.22%	11
Real Estate	333,474	106,706	104,683	31,383	13,154	589,400	574,130	2.66%	
<b>Total Investments, at Fair Value</b>	<b>8,034,024</b>	<b>2,715,219</b>	<b>2,521,856</b>	<b>796,029</b>	<b>308,117</b>	<b>14,375,245</b>	<b>10,935,558</b>		
Securities Lending Collateral Invested	225,107	76,321	74,334	22,636	9,130	407,528	468,013	-12.92%	12
<b>CAPITAL/INTANGIBLE ASSETS</b>									
Capital Assets	1,701	153	929	91	11	2,885	2,885	0.00%	
Intangible Assets	9,961	827	5,920	494	100	17,301	17,301	0.00%	
Accumulated Depreciation	(1,701)	(153)	(928)	(91)	(12)	(2,886)	(2,806)	2.83%	
Accumulated Amortization	(9,476)	(807)	(5,534)	(474)	(113)	(16,403)	(15,497)	5.85%	
<b>Total Capital Assets</b>	<b>485</b>	<b>20</b>	<b>387</b>	<b>19</b>	<b>(14)</b>	<b>897</b>	<b>1,883</b>		
<b>Total Assets</b>	<b>8,728,959</b>	<b>2,961,106</b>	<b>2,938,212</b>	<b>878,737</b>	<b>363,398</b>	<b>15,870,411</b>	<b>12,751,150</b>		
<b>LIABILITIES</b>									
Accounts Payable	3,941	707	1,720	169	212	6,749	6,330	6.62%	13
Investment Accounts Payable	253,377	87,141	106,538	26,101	12,267	485,425	360,485	34.66%	14
Securities Lending Collateral	225,107	76,321	74,334	22,636	9,130	407,528	468,013	-12.92%	15
<b>Total Liabilities</b>	<b>482,425</b>	<b>164,170</b>	<b>182,592</b>	<b>48,906</b>	<b>21,609</b>	<b>899,702</b>	<b>834,827</b>		
<b>Total Fiduciary Net Position Restricted for Pension Benefits</b>	<b>\$8,246,534</b>	<b>\$2,796,936</b>	<b>\$2,755,620</b>	<b>\$829,831</b>	<b>\$341,789</b>	<b>\$14,970,710</b>	<b>\$11,916,323</b>		
<b>NOTE - Variance Explanation</b>									
1) Variance is a result of continuous fluctuation of deposits and transactions that flow through the cash account.									
2) Short Term Investments is primarily comprised of the cash on hand with the custodial bank along with any small amounts of cash managers and brokers may have; therefore, the variance is driven by cash flow.									
3) Decrease in Accounts Receivables due to the recording and qualification of the first half of the KHRIS payroll.									
4) The increase in Accounts Receivables is due to pending trades.									
5) The increase in Core Fixed Income is a result of additional funding and positive market conditions resulting in increased market values.									
6) The increase in Public Equities is due to additional funding and positive market conditions resulting in increased market values.									
7) The increase in Specialty Credit is due to additional funding and positive market conditions increasing market values.									
<b>NOTE - Variance Explanation continued on next page.</b>									

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8) Variance is a result of hedging and arbitration of risk within the portfolios.

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9) The decline in Absolute Return is a result of the merging of the Absolute Return asset class with the Real Return asset class.

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10) The increase in Real Return is a result of the merging of the Absolute Return asset class with the Real Return asset class.

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11) The increase in Opportunistic is due to additional funding and positive market conditions increasing market values.

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12) Variance is a result of the demands of the Securities Lending Program.

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13) The decrease in Accounts Payable is due to a decrease in outstanding employer reporting credit invoices.

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14) The increase in Accounts Payable is due to pending trades.

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15) Variance is a result of the demands of the Securities Lending Program.

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Differences due to rounding.

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Combining Statement of Changes In Fiduciary Net Position - Pension Funds								
For the fiscal year ending March 31, 2021, with Comparative Totals as of March 31, 2020 (\$ in Thousands)								
	CERS	CERS	KERS	KERS	SPRS	KPPA Total		Percentage
	Non-Hazardous	Hazardous	Non-Hazardous			2021	2020	of Change
								Note
<b>ADDITIONS</b>								
Member Contributions	\$119,386	\$46,908	\$66,917	\$15,120	\$3,593	\$251,923	\$268,296	-6.10%
Employer Contributions	338,586	129,353	719,188	46,847	44,853	1,278,827	1,324,146	-3.42%
General Fund Appropriations	-	-	-	-	-	-	1,086	-100.00%
Pension Spiking Contributions	18	107	43	5	3	176	278	-36.68%
Health Insurance Contributions (HB1)	(0)	1	(7)	3	-	(4)	12	-129.63%
<b>Total Contributions</b>	<b>457,989</b>	<b>176,369</b>	<b>786,141</b>	<b>61,974</b>	<b>48,449</b>	<b>1,530,923</b>	<b>1,593,819</b>	
<b>INVESTMENT INCOME</b>								
From Investing Activities								
Net Appreciation (Depreciation) in FV of Investments								
	1,224,350	413,250	345,434	119,657	41,837	2,144,527	(1,078,904)	298.77%
Interest/Dividends	151,170	51,096	45,626	14,865	5,670	268,426	238,103	12.74%
Total Investing Activities Income	1,375,520	464,346	391,060	134,522	47,507	2,412,954	(840,801)	
Less: Investment Expense	26,174	8,705	6,720	2,472	892	44,964	37,032	21.42%
Less: Performance Fees	26,706	9,176	4,613	2,361	591	43,447	28,689	51.44%
Net Income from Investing Activities	1,322,640	446,464	379,726	129,689	46,023	2,324,542	(906,523)	
From Securities Lending Activities								
Securities Lending Income	391	134	134	40	16	715	5,345	
Less: Securities Lending Borrower Rebates	(241)	(82)	(71)	(24)	(9)	(428)	3,235	
Less: Securities Lending Agent Fees	95	32	31	10	4	171	265	
Net Income from Securities Lending	537	184	174	55	22	972	1,845	-47.33%
<b>Net Investment Income</b>	<b>1,323,177</b>	<b>446,648</b>	<b>379,901</b>	<b>129,744</b>	<b>46,045</b>	<b>2,325,514</b>	<b>(904,678)</b>	
<b>Total Additions</b>	<b>1,781,166</b>	<b>623,017</b>	<b>1,166,041</b>	<b>191,718</b>	<b>94,493</b>	<b>3,856,437</b>	<b>689,141</b>	
<b>DEDUCTIONS</b>								
Benefit Payments	618,495	216,515	757,182	55,280	47,372	1,694,844	1,651,566	2.62%
Refunds	10,876	3,839	7,022	3,058	196	24,990	28,252	-11.54%
Administrative Expenses	16,151	1,415	8,448	916	181	27,111	27,333	-0.81%
<b>Total Deductions</b>	<b>645,522</b>	<b>221,769</b>	<b>772,652</b>	<b>59,253</b>	<b>47,749</b>	<b>1,746,945</b>	<b>1,707,151</b>	
Net Increase (Decrease) in Fiduciary Net Position Restricted for Pension Benefits								
	1,135,645	401,248	393,389	132,465	46,745	2,109,491	(1,018,009)	
<b>Total Fiduciary Net Position Restricted for Pension Benefits</b>								
<b>Beginning of Period</b>	<b>7,110,889</b>	<b>2,395,688</b>	<b>2,362,231</b>	<b>697,366</b>	<b>295,044</b>	<b>12,861,218</b>	<b>12,934,332</b>	
<b>End of Period</b>	<b>\$8,246,534</b>	<b>\$2,796,936</b>	<b>\$2,755,620</b>	<b>\$829,831</b>	<b>\$341,789</b>	<b>\$14,970,709</b>	<b>\$11,916,323</b>	

**NOTE - Variance Explanation**

- 1) General Fund Appropriations have significantly decreased in FY 2021. We expect to receive \$384,000 for SPRS from the General Fund.
  - 2) Pension Spiking contributions decreased due to a change in statute. Pension spiking is now the member's responsibility.
  - 3) Health Insurance Contributions will continue to decrease in the Pension Funds, as they are now qualified in the Insurance Fund.
  - 4) The increase in Net Appreciation in Fair Value of Investments is a result of favorable market conditions, particularly in the public equity portfolio.
  - 5) The increase in Interest/Dividends is due to increased income from Real Return, Private Equity and Specialty Credit asset classes for FY21
  - 6) The increase in Investment Expense is due to higher market values.
  - 7) The increase in Performance fees is due to favorable market conditions resulting in higher performance fees.
  - 8) Variance is a result of the demand of the Securities Lending Program.
  - 9) Refunds taken by members who terminated employment and were not eligible for a retirement benefit decreased significantly in CERS and KERS, but increased slightly in CHAZ, KHAZ and SPRS.
- Differences due to rounding.

<b>Combining Statement of Fiduciary Net Position - Insurance Fund</b>									
As of March 31, 2021, with Comparative Totals as of March 31, 2020 (\$ In Thousands)									
ASSETS	CERS	CERS	KERS	KERS	SPRS	KPPA Total		Percentage of Change	Note
	Non-Hazardous	Hazardous	Non-Hazardous	Hazardous		2021	2020		
<b>CASH AND SHORT-TERM INVESTMENTS</b>									
Cash Deposits	\$741	\$30	\$298	\$58	\$50	\$1,177	\$1,089	8.05%	
Short-term Investments	131,651	55,935	66,321	16,779	7,922	278,608	301,052	-7.46%	
<b>Total Cash and Short-term Investments</b>	<b>132,392</b>	<b>55,964</b>	<b>66,619</b>	<b>16,838</b>	<b>7,972</b>	<b>279,785</b>	<b>302,142</b>		
<b>RECEIVABLES</b>									
Accounts Receivable	11,550	4,482	15,300	452	929	32,712	34,810	-6.03%	
Investment Accounts Receivable	63,722	32,729	28,411	12,868	4,974	142,704	105,959	34.68%	1
<b>Total Receivables</b>	<b>75,272</b>	<b>37,211</b>	<b>43,711</b>	<b>13,320</b>	<b>5,903</b>	<b>175,417</b>	<b>140,769</b>		
<b>INVESTMENTS, AT FAIR VALUE</b>									
Core Fixed Income	374,776	197,310	169,802	74,386	29,191	845,465	684,688	23.48%	2
Public Equities	1,319,451	676,860	590,772	266,309	103,795	2,957,187	2,050,013	44.25%	3
Specialty Credit	505,151	249,892	209,120	107,486	38,785	1,110,434	780,817	42.21%	4
Private Equities	270,723	152,311	63,056	51,487	23,496	561,073	545,652	2.83%	
Derivatives	491	264	201	102	39	1,098	1,067	2.87%	
Absolute Return	-	-	-	-	-	-	75,671	-100.00%	5
Real Return	191,858	100,998	77,806	40,304	15,512	426,478	328,424	29.86%	6
Opportunistic	86,639	47,200	30,976	19,256	7,111	191,181	88,422	116.22%	7
Real Estate	114,380	62,699	35,859	26,370	10,077	249,384	239,752	4.02%	
<b>Total Investments, at Fair Value</b>	<b>2,863,469</b>	<b>1,487,535</b>	<b>1,177,592</b>	<b>585,700</b>	<b>228,005</b>	<b>6,342,301</b>	<b>4,794,506</b>		
Securities Lending Collateral Invested	71,051	36,662	29,429	14,330	5,607	157,079	331,926	-52.68%	8
<b>Total Assets</b>	<b>3,142,184</b>	<b>1,617,372</b>	<b>1,317,351</b>	<b>630,189</b>	<b>247,486</b>	<b>6,954,580</b>	<b>5,569,343</b>		
<b>LIABILITIES</b>									
Accounts Payable	259	71	115	8	9	462	364	26.95%	9
Investment Accounts Payable	92,003	47,169	41,829	18,519	7,182	206,701	148,677	39.03%	10
Securities Lending Collateral	71,051	36,662	29,429	14,330	5,607	157,079	331,926	-52.68%	11
<b>Total Liabilities</b>	<b>163,312</b>	<b>83,902</b>	<b>71,373</b>	<b>32,857</b>	<b>12,798</b>	<b>364,242</b>	<b>480,967</b>		
<b>Total Fiduciary Net Position Restricted for OPEB</b>	<b>\$2,978,872</b>	<b>\$1,533,470</b>	<b>\$1,245,978</b>	<b>\$597,331</b>	<b>\$234,688</b>	<b>\$6,590,339</b>	<b>\$5,088,376</b>		

**NOTE - Variance Explanation**

- 1) The increase in Accounts Receivables is due to pending trades.
  - 2) The increase in Core Fixed Income is a result of additional funding and positive market conditions resulting in increased market values.
  - 3) The increase in Public Equities is due to additional funding and positive market conditions resulting in increased market values.
  - 4) The increase in Specialty Credit is due to additional funding and positive market conditions increasing market values.
  - 5) The decline in Absolute Return is a result of the merging of the Absolute Return asset class with the Real Return asset class.
  - 6) The increase in Real Return is a result of the merging of the Absolute Return asset class with the Real Return asset class.
  - 7) The increase in Opportunistic is due to additional funding and positive market conditions increasing market values.
  - 8) Variance is a result of the demands of the Securities Lending Program.
  - 9) The increase in Accounts Payable is due to an increase in outstanding employer reporting (insurance) invoices.
  - 10) The increase is due to pending trades within the Real Return Portfolio.
  - 11) Variance is a result of the demands of the Securities Lending Program.
- Differences due to rounding.

Combining Statement of Changes In Fiduciary Net Position - Insurance Fund									
For the fiscal year ending March 31, 2021, with Comparative Totals as of March 31, 2020 (\$ In Thousands)									
	CERS	CERS	KERS	KERS	SPRS	KPPA Total		Percentage of Change	Note
	Non-Hazardous	Hazardous	Non-Hazardous	Hazardous		2021	2020		
<b>ADDITIONS</b>									
Employer Contributions	\$89,258	\$43,930	\$115,281	\$8	\$6,987	\$255,464	\$275,415	-7.24%	
Medicare Drug Reimbursement	1	-	-	-	-	1	6	-78.70%	1
Insurance Premiums	424	(158)	144	(11)	(12)	386	545	-29.07%	2
Humana Gain Share Payment	20,676	2,990	17,167	1,253	811	42,896	-		
Retired Re-employed Healthcare	3,629	949	3,407	951	-	8,936	8,746	2.18%	
Health Insurance Contributions (HB1)	9,657	2,306	4,724	875	157	17,718	17,010	4.16%	
Northern Trust Settlement	-	-	-	-	-	-	-		
Employer Cessation Contributions	-	-	-	-	-	-	-		
<b>Total Contributions</b>	<b>123,645</b>	<b>50,017</b>	<b>140,723</b>	<b>3,075</b>	<b>7,942</b>	<b>325,402</b>	<b>301,722</b>		
<b>INVESTMENT INCOME</b>									
From Investing Activities									
Net Appreciation (Depreciation) in FV of Investments	434,267	226,738	179,949	88,428	35,181	964,562	(481,857)	-300.18%	3
Interest/Dividends	52,473	27,336	20,682	10,745	4,133	115,369	101,757	13.38%	4
<b>Total Investing Activities Income</b>	<b>486,740</b>	<b>254,075</b>	<b>200,631</b>	<b>99,173</b>	<b>39,313</b>	<b>1,079,932</b>	<b>(380,100)</b>		
Less: Investment Expense	10,191	5,444	3,523	2,074	834	22,066	13,806	59.83%	5
Less: Performance Fees	11,185	6,401	3,163	2,390	983	24,121	14,746	63.58%	6
<b>Net Income from Investing Activities</b>	<b>465,364</b>	<b>242,230</b>	<b>193,945</b>	<b>94,708</b>	<b>37,496</b>	<b>1,033,744</b>	<b>(408,652)</b>		
From Securities Lending Activities									
Securities Lending Income	139	70	60	27	10	307	2,259		
Less: Securities Lending Borrower Rebates	(89)	(46)	(40)	(18)	(7)	(199)	1,410		
Less: Securities Lending Agent Fees	34	17	15	7	3	76	114		
<b>Net Income from Securities Lending</b>	<b>193</b>	<b>98</b>	<b>85</b>	<b>38</b>	<b>15</b>	<b>430</b>	<b>734</b>	<b>-41.41%</b>	<b>7</b>
<b>Net Investment Income</b>	<b>465,558</b>	<b>242,328</b>	<b>194,030</b>	<b>94,747</b>	<b>37,511</b>	<b>1,034,174</b>	<b>(407,918)</b>		
<b>Total Additions</b>	<b>589,203</b>	<b>292,346</b>	<b>334,753</b>	<b>97,821</b>	<b>45,453</b>	<b>1,359,576</b>	<b>(106,196)</b>		
<b>DEDUCTIONS</b>									
Healthcare Premiums Subsidies	105,028	63,473	93,474	15,063	10,938	287,975	279,466	3.04%	
Administrative Expenses	658	342	606	87	53	1,745	1,829	-4.57%	
Self-Funded Healthcare Costs	2,697	193	1,192	80	20	4,182	4,771	-12.35%	8
<b>Total Deductions</b>	<b>108,382</b>	<b>64,008</b>	<b>95,272</b>	<b>15,229</b>	<b>11,011</b>	<b>293,903</b>	<b>286,067</b>		
<b>Net Increase (Decrease) in Fiduciary Net Position Restricted for OPEB</b>	<b>480,821</b>	<b>228,338</b>	<b>239,480</b>	<b>82,592</b>	<b>34,442</b>	<b>1,065,673</b>	<b>(392,263)</b>		
<b>Total Fiduciary Net Position Restricted for OPEB</b>									
<b>Beginning of Period</b>	<b>2,498,051</b>	<b>1,305,132</b>	<b>1,006,498</b>	<b>514,739</b>	<b>200,246</b>	<b>5,524,666</b>	<b>5,480,639</b>		
<b>End of Period</b>	<b>\$2,978,872</b>	<b>\$1,533,470</b>	<b>\$1,245,978</b>	<b>\$597,331</b>	<b>\$234,688</b>	<b>\$6,590,339</b>	<b>\$5,088,376</b>		

**NOTE - Variance Explanation**

- 1) Medicare drug reimbursement payments fluctuate year to year based on claims reviewed.
- 2) The decrease in Insurance Premiums received is due to refunds processed to hazardous retirees for premiums paid for dependents that should have been covered by KRS.
- 3) The increase in Net Appreciation in Fair Value of Investments is a result of favorable market conditions, particularly in the public equity portfolio.
- 4) The increase in Interest/Dividends is primarily a result of increased income from Specialty Credit.

**NOTE - Variance Explanation continued on next page.**

## Agenda - Quarterly Financial Reports

5) *The management fees are up due to the increase in market values; however, in 2019 in one of the private equity accounts there was a coding error. A negative performance fee was coded as a partnership expense. All partnership expenses roll up into the Investment Advisory Fee. Due to this coding error, the Investment Advisory Fees are understated and the Performance Fees are overstated for the period.*

6) *The increase in Performance fees is due to favorable market conditions resulting in higher performance fees.*

7) *Variance is a result of the demand of the Securities Lending Program.*

8) *The decrease in Self Funded Healthcare Claims is due to a decrease in claims billed from the self-funded insurance plan.*

*Differences due to rounding.*

KPPA ADMINISTRATIVE BUDGET 2020-2021					
THIRD QUARTER BUDGET-TO-ACTUAL ANALYSIS					
Fiscal Year 2021					
Acc't #	Account Name	Budgeted	Actual Expenditures	Remaining	% Remaining
<b>PERSONNEL</b>					
111	Salaries	\$15,500,000	\$11,341,507	\$4,158,493	26.83%
115	Wages (Overtime)	265,000	51,592	213,408	80.53%
119	Wages (Block 50)	28,500	8,781	19,719	69.19%
121	Emp Paid FICA	1,135,000	809,087	325,913	28.71%
122	Emp Paid Retirement	13,086,645	9,110,721	3,975,924	30.38%
123	Emp Paid Health Ins	2,550,000	1,814,890	735,110	28.83%
124	Emp Paid Life Ins	3,500	2,459	1,041	29.74%
128	Emp Paid Sick Leave	75,000	13,786	61,214	81.62%
131	Workers Compensation	13,200	75,163	(61,963)	-469.42%
132	Unemployment	10,000	(0)	10,000	100.00%
133	Tuition Assistance	13,100	7,264	5,836	44.55%
133I	Investment Tuition Assistance	5,000	-	5,000	100.00%
133T	Audit Tuition Assistance	2,500	-	2,500	100.00%
<b>141 LEGAL &amp; AUDITING SERVICES</b>					
141A	Legal Hearing Officers	91,200	32,018	59,183	64.89%
141B	Legal (Stoll, Keenon)	340,500	102,093	238,407	70.02%
141D	Frost Brown (Tax Advisor)	114,300	139,315	(25,015)	-21.89%
141E	Reinhart	444,000	143	443,858	99.97%
141F	Ice Miller	187,200	186,267	933	0.50%
141L	Legal Expense	125,500	202	125,298	99.84%
142	Auditing	176,500	71,582	104,918	59.44%
<b>146 CONSULTING SERVICES</b>					
146A	Medical Reviewers	273,865	163,241	110,624	40.39%
146E	Escrow for Actuary Fees	12,000	(10,000)	22,000	183.33%
<b>150 CONTRACTUAL SERVICES</b>					
150C	Miscellaneous Contracts	22,750	9,864	12,886	56.64%
150G	Human Resources Consulting	7,500	5,794	1,706	22.75%
159	Actuarial Services	612,000	366,919	245,081	40.05%
162	Facility Security Charges	80,500	52,543	27,957	34.73%
<b>PERSONNEL SUBTOTAL</b>		<b>\$35,175,260</b>	<b>\$24,355,231</b>	<b>\$10,820,029</b>	<b>30.76%</b>
<b>OPERATIONAL</b>					
211	Natural Gas	22,500	18,336	\$4,164	18.51%
212	Electric	176,500	109,091	\$67,409	38.19%
221	Rent-NonState Building	71,600	42,782	\$28,818	40.25%
222	Building Rental - PPW	1,100,000	765,291	\$334,710	30.43%
223	Equipment Rental	-	7,163	\$(7,163)	0.00%
224	Copier Rental	73,000	41,489	\$31,511	43.17%
226	Rental Carpool	9,100	2,911	\$6,189	68.02%
232	Vehicle/Equip. Mainten.	1,350	-	\$1,350	100.00%
241	Postage	455,000	463,207	\$(8,207)	-1.80%
242	Freight	46	-	\$46	100.00%
251	Printing (State)	11,700	3,042	\$8,658	74.00%
252	Printing (non-state)	102,700	77,185	\$25,515	24.84%
254	Insurance	11,650	3,591	\$8,059	69.18%
256	Garbage Collection	5,500	4,412	\$1,088	19.79%
259	Conference Expense	18,250	8,251	\$10,000	54.79%
259I	Conference Exp. Investment	6,000	-	\$6,000	100.00%
259T	Conference Exp. Audit	1,500	-	\$1,500	100.00%

<b>KPPA ADMINISTRATIVE BUDGET 2020-21</b>					
<b>THIRD QUARTER BUDGET-TO-ACTUAL ANALYSIS</b>					
<b>Acc't #</b>	<b>Account Name</b>	<b>Budgeted</b>	<b>Actual Expenditures</b>	<b>Remaining</b>	<b>% Remaining</b>
300	MARS Usage	51,300	35,735	\$15,565	30.34%
302	COVID-19 Expenses	146,800	142,619	\$4,181	2.85%
321	Office Supplies	89,125	24,414	\$64,711	72.61%
346	Furniture & Office Equipment	25,075	-	\$25,075	100.00%
361	Travel (In-State)	30,000	1,079	\$28,922	96.41%
361I	Travel (In-State) Investment	300	-	300	100.00%
361T	Travel (In-State) Audit	500	-	500	100.00%
362	Travel (Out of State)	20,150	-	20,150	100.00%
362I	Travel (Out of State) Invest	38,700	397	38,303	98.97%
362T	Travel (Out of State) Audit	450	-	450	100.00%
381	Dues & Subscriptions	60,250	34,731	25,519	42.36%
381I	Dues & Subscriptions Invest	1,375	4,300	(2,925)	-212.73%
381T	Dues & Subscriptions Audit	5,000	315	4,685	87.70%
399	Miscellaneous	2,700	618	2,082	77.11%
399I	Miscellaneous Investment	200	-	200	100.00%
399T	Miscellaneous Audit	200	-	200	100.00%
802	COT Charges	22,225	10,160	12,065	54.29%
814	Telephone - Wireless	5,100	3,171	1,929	37.83%
815	Telephone - Other	119,000	77,703	41,297	34.70%
847	Computer Equip./Software	3,325,500	1,496,434	1,829,066	55.00%
	Major Legislative Implementation	7,702,594	-	7,702,594	100.00%
<b>OPERATIONAL SUBTOTAL</b>		<b>\$13,712,940</b>	<b>\$3,378,722</b>	<b>\$10,334,218</b>	<b>75.36%</b>
<b>TOTALS</b>		<b>\$48,888,200</b>	<b>\$27,733,952</b>	<b>\$21,154,248</b>	<b>43.23%</b>
<b>CERS</b>			<b>\$16,501,702</b>		<b>59.50%</b>
<b>CHAZ</b>			<b>\$1,453,259</b>		<b>5.24%</b>
<b>KERS</b>			<b>\$8,664,087</b>		<b>31.24%</b>
<b>KHAZ</b>			<b>\$926,314</b>		<b>3.34%</b>
<b>SPRS</b>			<b>\$188,591</b>		<b>0.68%</b>
<b>TOTALS</b>			<b>\$27,733,952</b>		



### Pension Fund Contribution Report

For the period ending March 31, 2021, with Comparative Totals as of March 31, 2020 (\$ in Millions)

	County Employees Retirement System			
	Non-Hazardous		Hazardous	
	FY21	FY20	FY21	FY20
Member Contributions	\$ 119.4	\$ 125.8	\$ 46.9	\$ 48.7
Employer Contributions	338.6	345.7	129.5	127.1
Net Investment Income	98.8	97.7	33.4	33.8
<b>Total Inflows</b>	<b>556.8</b>	<b>569.2</b>	<b>209.8</b>	<b>209.6</b>
Benefit Payments/Refunds	629.4	608.6	220.4	208.6
Administrative Expenses	16.2	16.2	1.4	1.4
<b>Total Outflows</b>	<b>645.5</b>	<b>624.8</b>	<b>221.8</b>	<b>210.1</b>
<b>NET Contributions</b>	<b>(88.7)</b>	<b>(55.6)</b>	<b>(12.0)</b>	<b>(0.4)</b>
Realized Gain/(Loss)	192.2	240.0	65.3	79.7
Unrealized Gain/(Loss)	1,032.2	(863.6)	348.0	(293.2)
<b>Change in Net Position</b>	<b>1,135.6</b>	<b>(679.2)</b>	<b>401.2</b>	<b>(213.9)</b>
<b>Beginning of Period</b>	<b>7,110.9</b>	<b>7,243.0</b>	<b>2,395.7</b>	<b>2,429.6</b>
<b>End of Period</b>	<b>\$ 8,246.5</b>	<b>\$ 6,563.8</b>	<b>\$ 2,796.9</b>	<b>\$ 2,215.7</b>

Differences due to rounding.

### Insurance Fund Contribution Report

For the period ending March 31, 2021, with Comparative Totals as of March 31, 2020 (\$ in Millions)

	County Employees Retirement System			
	Non-Hazardous		Hazardous	
	FY21	FY20	FY21	FY20
Employer Contributions	\$89.3	\$90.7	\$43.9	\$42.9
Insurance Premiums	21.1	0.5	2.8	-
Retired Reemployed Healthcare	3.6	3.6	0.9	0.8
Health Insurance Contributions	9.7	9.4	2.3	2.1
Net Investment Income	31.3	33.4	15.6	17.4
<b>Total Inflows</b>	<b>154.9</b>	<b>137.5</b>	<b>65.5</b>	<b>63.2</b>
Healthcare Premiums	107.7	103.5	63.7	61.1
Administrative Expenses	0.7	0.7	0.3	0.3
<b>Total Outflows</b>	<b>108.4</b>	<b>104.1</b>	<b>64.0</b>	<b>61.4</b>
<b>NET Contributions</b>	<b>46.6</b>	<b>33.3</b>	<b>1.5</b>	<b>1.7</b>
Realized Gain/(Loss)	66.9	73.4	35.1	40.0
Unrealized Gain/(Loss)	367.4	(289.7)	191.7	(151.5)
<b>Change in Net Position</b>	<b>480.8</b>	<b>(183.0)</b>	<b>228.2</b>	<b>(109.8)</b>
<b>Beginning of Period</b>	<b>4,996.1</b>	<b>2,486.5</b>	<b>1,305.1</b>	<b>1,324.8</b>
<b>End of Period</b>	<b>\$5,476.9</b>	<b>\$2,303.5</b>	<b>\$1,533.4</b>	<b>\$1,215.0</b>

Differences due to rounding.

**Pension Fund Contribution Report**  
For the period ending March 31, 2021, with Comparative Totals as of March 31, 2020 (\$ in Millions)

	Kentucky Employees Retirement System				State Police Retirement System	
	Non-Hazardous		Hazardous		FY21	FY20
	FY21	FY20	FY21	FY20		
Member Contributions	\$66.9	\$75.4	\$15.1	\$14.8	\$3.6	\$3.6
Employer Contributions	719.2	756.8	46.9	47.7	44.9	48.1
Net Investment Income	34.5	29.0	10.1	9.7	4.2	4.0
<b>Total Inflows</b>	<b>820.6</b>	<b>861.2</b>	<b>72.1</b>	<b>72.2</b>	<b>52.7</b>	<b>55.8</b>
Benefit Payments/ Refund	764.2	759.4	58.3	56.4	47.6	46.8
Administrative Expenses	8.4	8.7	0.9	0.9	0.2	0.2
<b>Total Outflows</b>	<b>772.7</b>	<b>768.0</b>	<b>59.3</b>	<b>57.3</b>	<b>47.7</b>	<b>47.0</b>
<b>NET Contributions</b>	<b>48.0</b>	<b>93.2</b>	<b>12.8</b>	<b>14.9</b>	<b>4.9</b>	<b>8.8</b>
Realized Gain/(Loss)	55.8	62.9	18.9	22.1	6.5	8.6
Unrealized Gain/(Loss)	289.6	(221.3)	100.8	(84.2)	35.3	(29.9)
<b>Change in Net Position</b>	<b>393.4</b>	<b>(65.2)</b>	<b>132.5</b>	<b>(47.1)</b>	<b>46.7</b>	<b>(12.5)</b>
<b>Beginning of Period</b>	<b>2,362.2</b>	<b>2,286.6</b>	<b>697.4</b>	<b>687.9</b>	<b>295.0</b>	<b>287.2</b>
<b>End of Period</b>	<b>\$2,755.6</b>	<b>\$2,221.4</b>	<b>\$829.9</b>	<b>\$640.7</b>	<b>\$341.8</b>	<b>\$274.7</b>

**Insurance Fund Contribution Report**  
For the period ending March 31, 2021, with Comparative Totals as of March 31, 2020 (\$ in Millions)

	Kentucky Employees Retirement System				State Police Retirement System	
	Non-Hazardous		Hazardous		FY21	FY20
	FY21	FY20	FY21	FY20		
Employer Contributions	\$115.3	\$128.5	-	\$3.4	\$7.0	\$10.0
Insurance Premiums	17.3	0.1	1.2	-	0.8	-
Retired Reemployed Healthcare	3.4	3.4	1.0	1.0	-	-
Health Insurance Contributions	4.7	4.6	0.9	0.8	0.2	0.1
Net Investment Income	14.1	13.7	6.3	7.0	2.3	2.6
<b>Total Inflows</b>	<b>154.8</b>	<b>150.3</b>	<b>9.4</b>	<b>12.1</b>	<b>10.3</b>	<b>12.7</b>
Healthcare Premiums	94.7	94.4	15.1	14.7	11.0	10.6
Administrative Expenses	0.6	0.6	0.1	0.1	0.1	-
<b>Total Outflows</b>	<b>95.3</b>	<b>95.0</b>	<b>15.2</b>	<b>14.8</b>	<b>11.0</b>	<b>10.6</b>
<b>NET Contributions</b>	<b>59.5</b>	<b>55.3</b>	<b>(5.8)</b>	<b>(2.8)</b>	<b>(0.8)</b>	<b>2.1</b>
Realized Gain/(Loss)	28.1	19.0	13.6	14.3	5.3	6.0
Unrealized Gain/(Loss)	151.8	(111.3)	74.9	(59.8)	29.9	(22.4)
<b>Change in Net Position</b>	<b>239.5</b>	<b>(36.9)</b>	<b>82.6</b>	<b>(48.2)</b>	<b>34.4</b>	<b>(14.2)</b>
<b>Beginning of Period</b>	<b>1,006.5</b>	<b>942.1</b>	<b>514.7</b>	<b>527.1</b>	<b>200.2</b>	<b>200.1</b>
<b>End of Period</b>	<b>\$1,246.0</b>	<b>\$905.2</b>	<b>\$597.3</b>	<b>\$478.9</b>	<b>\$234.7</b>	<b>\$185.9</b>

Differences in the charts above are due to rounding.

## KENTUCKY PUBLIC PENSIONS AUTHORITY Outstanding Invoices by Type and Employer

Invoice Type	3/31/2021	12/31/2020	Change H/ (L)
Averaging Refund to Employer	\$(241,658)	\$(317,992)	-24%
Employer Free Military and Decompression Service	497,982	481,172	3%
Member Pension Spiking Refund	(26,621)	(25,114)	6%
Monthly Reporting Invoice	(434,776)	(343,415)	27%
Penalty – Monthly Reporting	289,775	290,775	0%
Reinstatement	244,823	385,874	-37%
<b>Total</b>	<b>\$373,811</b>	<b>\$515,496</b>	<b>-27%</b>
Health Insurance Reimbursement	\$1,744,967	\$2,203,155	-21%
Omitted Employer	1,250,685	1,646,388	-24%
Pension Spiking*	1,788,592	1,865,106	-4%
Standard Sick Leave	10,880,050	9,763,503	11%
<b>Total</b>	<b>15,664,294</b>	<b>15,478,152</b>	<b>1%</b>
<b>Grand Total</b>	<b>\$16,038,105</b>	<b>\$15,993,648</b>	<b>0%</b>

*\*By statute Pension Spiking invoices are due 12 months from invoice date. Of the 288 outstanding invoices, 274 of them (totaling \$1,744,076) are greater than 12 months old.*

Employer Name (Top Ten)	3/31/2021	12/31/2020	Change H/ (L)
Kentucky State Police	\$10,575,453	\$9,269,766	14%
Department of Highways	716,911	699,166	3%
City of Covington	367,311	368,843	0%
Kenton County Airport Board	322,510	309,301	4%
Lexington Fayette Urban County Government	254,583	209,036	22%
Kentucky River Regional Jail	230,955	230,955	0%
City of Fort Thomas	214,893	210,934	2%
City of Villa Hills	212,533	212,533	0%
Henry County Fiscal Court	205,604	205,321	0%
TARC - Transit Authority River City	\$173,867	\$169,287	3%

**KENTUCKY PUBLIC PENSIONS AUTHORITY**  
**Penalty Waivers Report**  
**From: 1/1/2021 To: 3/31/2021**  
**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	Plan	Comments
\$1,000	\$-	\$-	3/23/2021	4/7/2019	CANC	Special Districts & Boards	CERS	Agency in good standing
1,000	-	-	2/25/2021	3/20/2020	CANC	County Attorneys	CERS	KPPA at fault
1,000	-	-	1/8/2021	1/15/2021	CANC	Cities	CERS	Circumstances outside of agency control
1,000	-	-	1/6/2021	1/15/2021	CANC	Boards of Education	CERS	KPPA at fault
1,000	-	-	1/7/2021	1/17/2021	CANC	Boards of Education	CERS	KPPA at fault
1,000	-	-	2/25/2021	2/6/2021	CANC	County Attorneys	CERS	New employer reporting official
1,000	-	-	3/3/2021	2/14/2021	CANC	Parks and Recreation	CERS	Circumstances outside of agency control
1,000	-	-	3/3/2021	2/14/2021	CANC	Parks and Recreation	CERS	Circumstances outside of agency control
1,000	-	-	3/3/2021	3/19/2021	CANC	Health Departments	KERS	Circumstances outside of agency control
1,000	-	-	3/15/2021	4/8/2021	CANC	Non-P1 State Agencies	KERS	Circumstances outside of agency control
<b>Total</b>	<b>\$10,000</b>							
1,000	\$1,000	\$-	1/5/2021	2/4/2021	CRTD	Utility Boards	CERS	
1,000	1,000	-	1/11/2021	2/10/2021	CRTD	County Attorneys	CERS	
1,000	1,000	-	1/12/2021	2/11/2021	CRTD	Fiscal Courts	CERS	
1,000	1,000	-	1/13/2021	2/12/2021	CRTD	Boards of Education	CERS	
1,000	1,000	-	1/25/2021	2/24/2021	CRTD	Sanitation Districts	CERS	
1,000	1,000	-	2/3/2021	3/5/2021	CRTD	Master Commissioner	KERS	
1,000	1,000	-	2/17/2021	3/19/2021	CRTD	Boards of Education	CERS	
1,000	1,000	-	3/2/2021	4/1/2021	CRTD	Special Districts & Boards	CERS	
1,000	1,000	-	3/11/2021	4/10/2021	CRTD	Master Commissioner	KERS	
1,000	1,000	-	3/16/2021	4/15/2021	CRTD	Cities	CERS	
1,000	1,000	-	3/16/2021	4/15/2021	CRTD	Cities	CERS	
1,000	1,000	-	3/16/2021	4/15/2021	CRTD	Cities	CERS	
1,000	1,000	-	3/17/2021	4/16/2021	CRTD	Cities	CERS	
1,000	1,000	-	3/17/2021	4/16/2021	CRTD	Cities	CERS	
1,000	1,000	-	3/17/2021	4/16/2021	CRTD	Cities	CERS	

Agenda - Quarterly Financial Reports

	Invoice Amount	Invoice Remaining Balance	Delinquent Interest	Invoice Status Date	Invoice Due Date	Invoice Status	Employer Classification	Plan	Comments
	1,000	1,000	-	3/26/2021	4/25/2021	CRTD	Master Commissioner	KERS	
<b>Total</b>	<b>\$16,000</b>								
	\$1,000	\$-	\$-	3/26/2021	4/5/2021	PAID	County Attorneys	CERS	
	1,000	-	-	3/5/2021	7/13/2017	PAID	Cities	CERS	
	1,000	-	-	3/2/2021	5/7/2020	PAID	Conservation Districts	CERS	
	1,000	-	-	3/2/2021	5/7/2020	PAID	Conservation Districts	CERS	
	1,000	-	-	2/1/2021	9/18/2020	PAID	Planning Commissions	CERS	
	1,000	-	-	2/1/2021	11/19/2020	PAID	Planning Commissions	CERS	
	1,000	-	-	3/16/2021	1/15/2021	PAID	Cities	CERS	
	1,000	-	-	3/9/2021	3/19/2021	PAID	Parks and Recreation	CERS	
	1,000	-	-	3/3/2021	3/21/2021	PAID	Cities	CERS	
	1,000	-	-	3/12/2021	3/21/2021	PAID	Cities	CERS	
	1,000	-	-	3/10/2021	3/24/2021	PAID	Housing Authorities	CERS	
<b>Total</b>	<b>\$11,000</b>								

**Notes:**

**Invoice Status:**

CANC - Cancelled

CRTD - Created

PAID - Paid



## KENTUCKY PUBLIC PENSIONS AUTHORITY

David L. Eager, Executive Director

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



To: KRS Board of Trustees

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

Date: 05/12/2021

Subject: Hazardous Position Classification

AGENCIES ARE REQUESTING HAZARDOUS DUTY COVERAGE FOR THE FOLLOWING POSITIONS:

<u>Agency</u>	<u>Position</u>	<u>Effective Date</u>
Attorney General	Investigator – AG	06/01/2021
Kentucky State Police	Investigator III	06/01/2021

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

**61.592 Retirement of persons working in hazardous positions. (Effective April 1, 2021)**

- (1) (a) "Hazardous position" for employees participating in the Kentucky Employees Retirement System, and for employees who begin participating in the County Employees Retirement System before September 1, 2008, means:
    - 1. Any position whose principal duties involve active law enforcement, including the positions of probation and parole officer and Commonwealth detective, active fire suppression or prevention, or other positions, including but not limited to pilots of the Transportation Cabinet and paramedics and emergency medical technicians, with duties that require frequent exposure to a high degree of danger or peril and also require a high degree of physical conditioning;
    - 2. Positions in the Department of Corrections in state correctional institutions and the Kentucky Correctional Psychiatric Center with duties that regularly and routinely require face-to-face contact with inmates; and
    - 3. Positions of employees who elect coverage under KRS 196.167(3)(b)2. and who continue to provide educational services and support to inmates as a Department of Corrections employee.
  - (b) "Hazardous position" for employees who begin participating in the County Employees Retirement System on or after September 1, 2008, means police officers and firefighters as defined in KRS 61.315(1), paramedics, correctional officers with duties that routinely and regularly require face-to-face contact with inmates, and emergency medical technicians if:
    - 1. The employee's duties require frequent exposure to a high degree of danger or peril and a high degree of physical conditioning; and
    - 2. The employee's duties are not primarily clerical or administrative.
  - (c) The effective date of participation under hazardous duty coverage for positions in the Department of Alcoholic Beverage Control shall be April 1, 1998. The employer and employee contributions shall be paid by the employer and forwarded to the retirement system for the period not previously reported.
- (2) (a) Each employer may request of the board hazardous duty coverage for those positions as defined in subsection (1) of this section. Upon request, each employer shall certify to the system, in the manner prescribed by the board, the names of all employees working in a hazardous position as defined in subsection (1) of this section for which coverage is requested. The certification of the employer shall bear the approval of the agent or agency responsible for the budget of the department or county indicating that the required employer contributions have been provided for in the budget of the employing department or county. The system shall determine whether the employees whose names have been certified by the employer are working in positions meeting the definition of a hazardous position as provided by subsection (1) of this section. This process shall not be required for employees



KENTUCKY RETIREMENT SYSTEMS

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Form 7025
Revised 09/2010

Position Questionnaire

Instructions

To petition the Board for approval of hazardous duty positions for KERS employees, complete Sections 1 and 3.
To petition for CERS employees with a CERS participation date prior to 9/1/2008, complete Sections 1 and 3.
To petition for CERS employees with a CERS participation date on or after 9/1/2008, complete Sections 2 and 3.

Section 1: For KERS Employees or Employees With a CERS Participation Date Prior to September 1, 2008

Employer: Office of the Attorney General Position Title: Investigator - AG

Is this position required to have Peace Officer Professional Standards and Certification? [X] Yes [ ] No
If no, is this position required to carry a firearm? [ ] Yes [ ] No
Does this position require active fire suppression or prevention? [ ] Yes [X] No

Section 2: For Employees With a CERS Participation Date On or After September 1, 2008

Employer: Position Title:

Please select the appropriate classification and answer all that are applicable.

- [ ] Police Officer
[ ] Firefighter Does this position require active fire suppression? [ ] Yes [ ] No
[ ] Paramedic
[ ] Correctional Officer Does this position routinely require face to face contact with inmates? [ ] Yes [ ] No
[ ] Other Specify:
Is this position required to have Peace Officer Professional Standards and Certification? [ ] Yes [ ] No
If no, is this position required to carry a firearm? [ ] Yes [ ] No
[ ] Emergency Medical Technician (If this position is selected please complete the remainder of this page, if not skip to page 2.)
Does this position require frequent exposure to a high degree of danger or peril? [ ] Yes [ ] No
Does this position require a high degree of physical conditioning? [ ] Yes [ ] No
Are the employee's duties primarily clerical or administrative? [ ] Yes [ ] No

Position Duty: Clerical or Administrative (Complete only if EMT is selected):

Percentage of Time Spent:

Description of Duties:

Agency Head Signature:

Date:

Agency Head Title:



Employer: Office of the Attorney General

Position Title: Investigator - AG

**Section 3: For All Positions**

1. List the exact position title as it appears on your job description.
2. List the position's duties (i.e. training, field duties, etc.), the percentage of time spent performing each duty (percentages must equal 100% including the clerical/administrative duties on the first page (for EMT positions), and a description of each duty in the box provided.
3. BE AS DETAILED AS POSSIBLE. The Board of Trustees will use this document in determining if the position meets the definition of hazardous duty per KRS 61.592.

Position Duty: Active Law Enforcement

Percentage of Time Spent: 80%

Description of Duties:

Conducts Highly Specialized, Complex, Time-Consuming and Sensitive Investigations resulting from citizen complaints related to specialized areas of law. Coordinates, Leads and Reviews Highly Complex, Time-Consuming and Sensitive Investigations Conducted by Multiple Investigators. Testifies during Court proceedings.

Position Duty: Administrative functions

Percentage of Time Spent: 15%

Description of Duties:

Writes Reports & Verbally Explains the Progression of Highly Complex Investigations.  
Acts as Supervisor During the Absence of Immediate Supervisor.

Position Duty: Other duties as assigned

Percentage of Time Spent: 5%

Description of Duties:

Performs other duties as assigned or required by immediate supervisor or agency.

Agency Head Signature: Stacy Woodrum

Date: 04/27/2021

Agency Head Title: Designated Appointing Authority  
Executive Director, Office of Administrative Services

Reference Number: 00000409343



# Personnel Cabinet

## Establish Position

Position Description Required

Begin Date: May 4, 2021      End Date: Dec 31, 9999

Org Unit ID: 10202346      **New Position:** 31125331  
 Job Number: 21003227      Job Title: Investigator -AG  
 Position Short Text: 01152V210301      Position Title: Investigator -AG  
 Org Unit Short Text: 31040      Org Unit Title: Office of Consumer Protection  
 Is Chief of Org Unit?

Personnel Area: Executive      Personnel SubArea: FT N-Exempt  
 Employee Group: Non-Chapter      Employee SubGroup: ASC Salary 37.5  
 Pay Grade Type: Ungraded      Pay Grade Area: Unclassified      Grade:00  
 Salary Range: 0.000 - 0.000      Midpoint: 0.000      SER: N/A

Unclassified   
 Working Title:        Included in CAP     Not Included in CAP  
 Work County: Franklin      Function Group: Attorney General

Address: 1024 Capital Center Drive  
  
 City: Frankfort      State: Kentucky      Zip Code: 40601

Cost Center: 3104000000      Attorney General  
 Supervisor Pos No: 30005980      Executive Director

\* Search for Cost Distributions by selecting from the List of Links above the form.

Order Number: G2OCP3      Consumer Protection  
 Unit:       Location:       Activity:       WBS Element:

Functional Area:

Remarks:

Statement Of Duties: Briefly state the main function of the position.

Plans, Organizes, Coordinates and Reviews the Work of a Group of Investigators. Conducts the Most Complex and Sensitive Investigations. Other Duties as Assigned

List up to (7) primary tasks and duties performed by this position. Begin with the most important duty. Enter the % assigned for each tasks or duty. Total percentage for all entered tasks must be 100%.

- Task 1  %  
Conducts highly specialized, complex, time-consuming and sensitive investigations resulting from consumer complaints related to COVID-19 or other specialized complaints.
- Task 2  %  
Coordinates, leads and reviews highly complex, time-consuming and sensitive investigations conducted by multiple investigators from across departments, agencies and jurisdictions. (Local law enforcement, KSP, FBI, etc.)
- Task 3  %  
Writes reports & verbally explains the progression of highly complex investigations to immediate supervisor and upper management of the Office of the Attorney General as well as legal representatives of OAG and other agencies.
- Task 4  %  
Makes arrests and testifies in court proceedings.
- Task 5  %  
Acts as Supervisor During the Absence of Immediate Super-visor
- Task 6  %  
Performs Other Job-Related Tasks as Required or Assigned
- Task 7  %

The supervisor must certify that the information listed is, to the best of his/her knowledge, complete and accurate, and if the position is filled the employee has reviewed the information contained herein.

Please enter the PERNR of the Supervisor who has certified that the above statement is true.

PERNR ID: 356052

Supervisor Name: Lewis , John Christian

Does the incumbent of this position conduct performance appraisals on subordinate employees?

YES  NO

If yes, list ALL Job Title(s) and Position Number(s) supervised.

Does the incumbent of this position supervise employees, inmates, interim employees, etc. which do not require the completion of a performance appraisal?

YES  NO

If yes, list ALL employees supervised and indicate the relationship to incumbent.

Are there any essential functions of this position that require an incumbent to (select check box to indicate as 'YES'):

- Maintain a valid driver's license?
- May be required to carry and/or use a firearm?
- Lift heavy objects or work in uncomfortable positions for extended periods of time?
- Be exposed to dangerous working conditions including rough terrain?
- Frequently communicate in person or by other means of technology?
- Spend a major portion of time using a computer?
- Be exposed to contagious diseases?
- Work overtime or alternate work schedules?

Additional Information



**KENTUCKY RETIREMENT SYSTEMS**

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**Form 7013**  
Revised 08/2008

**Hazardous Participation Certification**

**Form H.P.-1**

As Defined by KRS 61.592

Whereas, the Department of Office of the Attorney General  
is aware of the laws and provisions established under KRS 61.592 providing hazardous position coverage under the Kentucky Employees Retirement System.

Now therefore, the Head of the Department requests the Board of Trustees of the Kentucky Retirement Systems to approve hazardous position coverage for the positions listed on the attached report effective as of June 1, 2021.  
The attached report indicates the name, social security number, and position title of each individual presently occupying the positions for which hazardous coverage is requested.

The Department Head certifies that the Department will be fully responsible for determining that employees who presently occupy a position for which hazardous coverage is requested or future employees occupying such positions are now and in the future will be properly classified in accordance with the duties and responsibilities of the position. Each employee listed is now working in a regular full-time hazardous position as defined in KRS 61.592.

The Department is cognizant of the fact that if there is any change in the work assignment or classification of any individual, presently assigned to a hazardous position, which change would result in duties that no longer could be classified as hazardous, the individual is to be transferred from hazardous coverage to nonhazardous coverage.

The Department understands that once a position is approved for hazardous duty coverage, the position shall thereafter continue to be covered, and each employee appointed to that position must be reported to Kentucky Retirement Systems as a hazardous duty employee.

The Department is aware that employer contribution rates are determined based on an actuarial valuation and acknowledges that the Department will be responsible for any increased financial obligation associated with an increase in employer contribution rates.

Agency Head or Authorized Agent: Stacy Woodrum

Budget Officer: Jetta Collett

Date: April 27, 2021



**KENTUCKY RETIREMENT SYSTEMS**  
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**Form 7025**  
Revised 09/2010

**Position Questionnaire**

**Instructions**

- To petition the Board for approval of hazardous duty positions for KERS employees, complete Sections 1 and 3.
- To petition for CERS employees with a CERS participation date prior to 9/1/2008, complete Sections 1 and 3.
- To petition for CERS employees with a CERS participation date on or after 9/1/2008, complete Sections 2 and 3.

**Section 1: For KERS Employees or Employees With a CERS Participation Date Prior to September 1, 2008**

Employer: Kentucky State Police Position Title: Investigator III

- Is this position required to have Peace Officer Professional Standards and Certification?  Yes  No
- If no, is this position required to carry a firearm?  Yes  No
- Does this position require active fire suppression or prevention?  Yes  No

**Section 2: For Employees With a CERS Participation Date On or After September 1, 2008**

Employer: \_\_\_\_\_ Position Title: \_\_\_\_\_

Please select the appropriate classification and answer all that are applicable.

- Police Officer
- Firefighter Does this position require active fire suppression?  Yes  No
- Paramedic
- Correctional Officer Does this position routinely require face to face contact with inmates?  Yes  No
- Other Specify: \_\_\_\_\_
- Is this position required to have Peace Officer Professional Standards and Certification?  Yes  No
- If no, is this position required to carry a firearm?  Yes  No
- Emergency Medical Technician (If this position is selected please complete the remainder of this page, if not skip to page 2.)
  - Does this position require frequent exposure to a high degree of danger or peril?  Yes  No
  - Does this position require a high degree of physical conditioning?  Yes  No
  - Are the employee's duties primarily clerical or administrative?  Yes  No

Position Duty: Clerical or Administrative (Complete only if EMT is selected):

Percentage of Time Spent: \_\_\_\_\_

Description of Duties:

[Empty box for Description of Duties]

Agency Head Signature: [Handwritten Signature]

Date: 5-13-2007

Agency Head Title: Commissioner

Employer: Kentucky State Police

Position Title: Investigator III

**Section 3: For All Positions**

1. List the exact position title as it appears on your job description.
2. List the position's duties (i.e. training, field duties, etc.), the percentage of time spent performing each duty (percentages must equal 100% including the clerical/administrative duties on the first page (for EMT positions), and a description of each duty in the box provided.
3. BE AS DETAILED AS POSSIBLE. The Board of Trustees will use this document in determining if the position meets the definition of hazardous duty per KRS 61.592.

Position Duty: Works directly with Kentucky Sexual Assault Kit Initiative (SAKI), works sexual assault cases.

Percentage of Time Spent: 40%

**Description of Duties:**

Conducts, leads, and reviews highly complex sensitive investigations regarding active and cold sexual assault investigation. Coordinate the work of investigators within OVA, OAG, or law enforcement agencies.. Assists other law enforcement agencies on active and cold sexual assault investigations.

Position Duty: Leads investigations and prosecutes cold sexual assault cases within Kentucky

Percentage of Time Spent: 40%

**Description of Duties:**

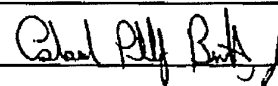
Interviews suspects and witnesses, secures and serves warrants and summonses; conducts surveillance and searches for physical evidence; makes physical arrests. Prepares for, testifies and presents evidence to courts \ and administrative bodies on active and cold sexual assault cases.

Position Duty: Completes reports and attends trainings related to SAKI cases.

Percentage of Time Spent: 20%

**Description of Duties:**

Writes reports and verbally explains the progression of highly complex investigations. Participate in mandatory training and attendance requirements as outlined in the SAKI grant. Other duties as assigned.

Agency Head Signature: 

Date: 5-13-2001

Agency Head Title: Commissioner, Kentucky State Police



# COMMONWEALTH OF KENTUCKY JOB CLASS SPECIFICATION

## INVESTIGATOR III

Job Number: 20001906

Job Code: 98870V170716

Job Group: 9800 - LAW

Job Established: 04/16/1997

Job Revised: 07/16/2017

Grade: 14 Salary (MIN - MID):

\$18,075-\$28,920 - Hourly

\$2,937.20-\$4,699.50 - 37.5 Hr. Monthly Salary

\$3,133.00-\$5,012.80 - 40 Hr. Monthly Salary

Special Entrance Rate:

NONE

NONE

NONE

### PROBATIONARY PERIOD:

This job has an initial and promotional probationary period of 6 months, except as provided in KRS 18A.111.

### CHARACTERISTICS OF THE JOB: *Characteristics of a job are general statements indicating the level of responsibility and discretion of positions in that job classification. These are not intended to be an exhaustive list.*

Coordinates the work of a group of investigators and under provisions of KRS 446.010(31) and KRS Chapter 431, performs professional level work in the investigation and enforcement of Kentucky and/or federal laws. OR Performs duties of compliance auditing of statewide law enforcement agencies in the areas of Peace Officer Professional Standards, Kentucky Law Enforcement Foundation Program Fund training pay stipend program, and the Concealed Carry Deadly Weapon law on behalf of the Kentucky Justice Cabinet and Kentucky Law Enforcement Council IAW KRS 15.330, 15A.160, 503 KAR 1:140 (Section 11), KRS 17.150(1) and 503 KAR 5:100; and performs other duties as required.

### MINIMUM REQUIREMENTS:

#### **EDUCATION:**

Graduate of a college or university with a bachelor's degree.

#### **EXPERIENCE, TRAINING, OR SKILLS:**

Must have four years experience in the field of investigative law enforcement or a related field of investigation.

#### **Substitute EDUCATION for EXPERIENCE:**

NONE

#### **Substitute EXPERIENCE for EDUCATION:**

Experience as a sworn law enforcement officer will substitute for the required education on a year-for-year basis.

#### **SPECIAL REQUIREMENTS (AGE, LICENSURE, REGULATION, ETC.):**

Must possess a valid driver's license prior to appointment in this classification. Must be 21 years of age. Employees in this classification are subject to the provisions of KRS Chapter 15 and 503 KAR 1:140 relating to peace officer certification as



administered by the Kentucky Law Enforcement Council. For additional information please refer to: <http://www.lrc.state.ky.us/KRS/015-00/382.PDF> Must maintain any required licensure(s), certification(s), or other credentials for the length of employment in this classification. Employing agency is responsible for ensuring employee possess and maintains required licensure(s), certification(s) or other credentials.

**EXAMPLES OF DUTIES OR RESPONSIBILITIES OF THE JOB CLASSIFICATION:** *Examples of duties or responsibilities are not to be construed as describing what the duties or responsibilities of any position shall be and are not to be construed as limiting the appointing authority's ability to assign, or otherwise alter the duties and responsibilities of a position. This is not intended to be an exhaustive list.*

Plans, organizes, coordinates and reviews the work of a group of investigators. Conducts the most complex and sensitive investigations involving the search, surveillance and apprehension of persons suspected of violating state and/or federal laws including, but not limited to, controlled substance enforcement, medicaid fraud, welfare fraud, election fraud, public corruption, sex offenses, violent crime, environmental crime and other illegal activities. Interviews witnesses and defendants. Searches for physical evidence. Seizes contraband. Secures and serves search warrants, subpoenas and summons. Makes physical arrests as required by law and indicated by circumstances. Carries a concealed firearm and may be required to use deadly force. Inspects records and documents. Testifies and presents evidence before grand juries, courts and administrative bodies. Catalogues, marks and secures evidence. Assists in the review and compilation of records and reports. Abides by departmental rules, regulations and policies in performing investigative work. Interviews police chiefs and sheriffs during on-site audits of law enforcement agencies. Inspects law enforcement agency records for proofs of compliance in the areas of Peace Officer Professional Standards (POPS), Kentucky Law Enforcement Foundation Program Fund (KLEFPF) training incentive stipend program, and Concealed Carry Deadly Weapon (CCDW) laws. Writes statements and affidavits as required. Teaches agency personnel correct procedures in POPS, KLEFPF, and CCDW.

**UNIQUE PHYSICAL REQUIREMENTS:**

May be exposed to dangerous situations and make physical arrests. Heavy lifting may be required.

**TYPICAL WORKING CONDITIONS:** *Incumbents in the job will typically perform their job duties under these conditions.*

May work irregular hours due to nature of investigative work. Will be required to travel in the course of investigations. Works in all types of weather.

**ADDITIONAL REQUIREMENTS:**

Upon appointment, employees in this class may be required to maintain a valid driver's license and required to drive a licensed vehicle. This status may be necessary for the length of time in this class. If this is necessary it will be listed in the specific position description for that position. Applicants and employees in this job title maybe required to submit to a drug screening test and background check. Applicants and employees in positions which perform job duties that may require contact with offenders in the custody or supervision of the Department of Corrections or with youth in the care, custody, or supervision of the Department of Juvenile Justice must meet qualifications pursuant to the federal Prison Rape Elimination Act, 28 C.F.R.115.17 and 115.317.

*The Commonwealth of Kentucky does not discriminate on the basis of race, color, sex, disability, age, national origin, religion, sexual orientation, gender identity or expression, pregnancy or related medical condition, marital or familial status, ancestry, political affiliation, genetic information, or veteran status in accordance with state and federal laws.*



**KENTUCKY RETIREMENT SYSTEMS**  
1280 Louisville Road • Frankfort, Kentucky 40601  
kyret.ky.gov • Phone: 502-696-8800 • Fax: 502-696-8822



**Form 7013**  
Revised 08/2008

**Hazardous Participation Certification**  
**Form H.P.-1**  
As Defined by KRS 61.592

Whereas, the Department of Kentucky State Police within the Justice and Public Safety Cabinet  
is aware of the laws and provisions established under KRS 61.592 providing hazardous position coverage under the Kentucky Employees Retirement System.

Now therefore, the Head of the Department requests the Board of Trustees of the Kentucky Retirement Systems to approve hazardous position coverage for the positions listed on the attached report effective as of April 1, 2021.  
The attached report indicates the name, social security number, and position title of each individual presently occupying the positions for which hazardous coverage is requested.

The Department Head certifies that the Department will be fully responsible for determining that employees who presently occupy a position for which hazardous coverage is requested or future employees occupying such positions are now and in the future will be properly classified in accordance with the duties and responsibilities of the position. Each employee listed is now working in a regular full-time hazardous position as defined in KRS 61.592.

The Department is cognizant of the fact that if there is any change in the work assignment or classification of any individual, presently assigned to a hazardous position, which change would result in duties that no longer could be classified as hazardous, the individual is to be transferred from hazardous coverage to nonhazardous coverage.

The Department understands that once a position is approved for hazardous duty coverage, the position shall thereafter continue to be covered, and each employee appointed to that position must be reported to Kentucky Retirement Systems as a hazardous duty employee.

The Department is aware that employer contribution rates are determined based on an actuarial valuation and acknowledges that the Department will be responsible for any increased financial obligation associated with an increase in employer contribution rates.

Agency Head or Authorized Agent: *Osbal P. M. Berry* - C-1

Budget Officer: /s/ Kyle J. Nall, Police Lieutenant Colonel

Date: May 13, 2021

Agenda - Investment Committee Report and Recommendations

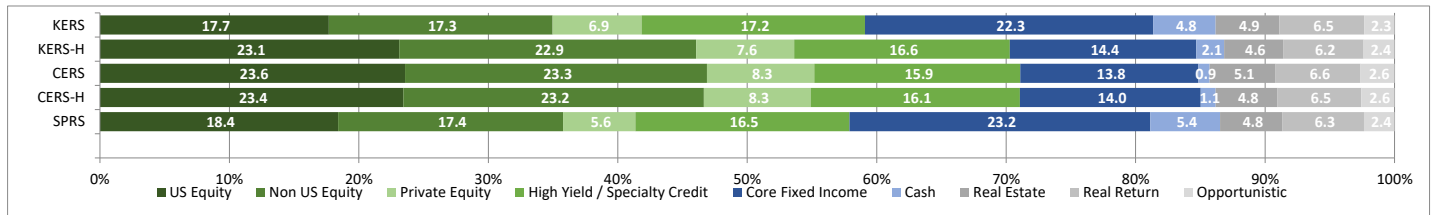
CERS Special Called Investment Committee Meeting - Investment Performance Review

KENTUCKY RETIREMENT SYSTEMS - PENSION FUND - NET RETURNS - 03/31/21

Structure	Inception	Market Value	% of Total	Month	QTD	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	20 Years	ITD
<b>TOTAL FUND</b>	<b>4/1/1984</b>	<b>14,845,454,693.81</b>	<b>100.00</b>	<b>1.93</b>	<b>3.80</b>	<b>18.44</b>	<b>29.02</b>	<b>8.52</b>	<b>9.61</b>	<b>7.47</b>	<b>6.64</b>	<b>9.13</b>
KY Ret. Blended Index				1.48	2.83	17.38	28.57	7.98	9.25	7.40	6.62	9.19
<b>GROWTH</b>	<b>7/1/2018</b>	<b>10,320,642,122.93</b>	<b>69.52</b>	<b>2.55</b>	<b>4.88</b>	<b>25.35</b>	<b>39.74</b>					<b>11.13</b>
Growth Custom Benchmark				2.29	5.57	30.32	43.84					12.94
<b>PUBLIC EQUITY</b>	<b>4/1/1984</b>	<b>6,619,150,685.74</b>	<b>44.59</b>	<b>2.58</b>	<b>5.47</b>	<b>32.24</b>	<b>59.44</b>	<b>12.10</b>	<b>13.47</b>	<b>9.20</b>	<b>7.10</b>	<b>10.77</b>
Global Equity Blended Index				2.48	5.07	31.58	57.28	11.81	13.38	9.10	7.04	10.59
<b>US PUBLIC</b>	<b>4/1/1984</b>	<b>3,368,632,302.72</b>	<b>22.69</b>	<b>3.78</b>	<b>7.45</b>	<b>34.33</b>	<b>63.72</b>	<b>16.50</b>	<b>15.99</b>	<b>13.13</b>	<b>8.66</b>	<b>11.73</b>
KY Domestic Equity Blend				3.58	6.35	33.19	62.53	17.12	16.64	13.77	9.05	11.81
<b>EQUITY NON US</b>	<b>7/1/2000</b>	<b>3,250,518,383.02</b>	<b>21.90</b>	<b>1.37</b>	<b>3.48</b>	<b>30.14</b>	<b>54.86</b>	<b>8.18</b>	<b>11.13</b>	<b>5.80</b>	<b>6.04</b>	<b>4.09</b>
KY Ret.Int'l Eq. Blended Index				1.37	3.77	29.91	51.94	6.51	10.01	5.31	6.11	4.14
<b>PRIVATE EQUITY</b>	<b>7/1/2002</b>	<b>1,155,001,941.18</b>	<b>7.78</b>	<b>4.54</b>	<b>5.97</b>	<b>21.62</b>	<b>14.34</b>	<b>11.74</b>	<b>12.12</b>	<b>12.62</b>		<b>11.27</b>
Russell 3000 + 3%(Qtr Lag)				4.54	5.97	21.62	14.34	11.74	12.12	16.44		12.42
<b>HIGH YIELD / SPECIALTY CREDIT</b>	<b>7/1/2017</b>	<b>2,546,489,496.01</b>	<b>17.15</b>	<b>1.60</b>	<b>2.89</b>	<b>12.06</b>	<b>13.42</b>	<b>5.73</b>				<b>6.13</b>
High Yield Custom Benchmark				0.07	1.32	11.17	22.23	5.49				5.09
<b>FIXED INCOME / LIQUIDITY</b>	<b>7/1/2018</b>	<b>2,549,258,201.90</b>	<b>17.17</b>	<b>-0.13</b>	<b>-0.18</b>	<b>2.25</b>	<b>6.43</b>					<b>4.62</b>
Liquidity Custom Benchmark				-1.16	-3.14	-1.97	0.68					4.89
<b>CORE FIXED INCOME</b>	<b>7/1/2013</b>	<b>2,263,311,450.14</b>	<b>15.25</b>	<b>-0.15</b>	<b>-0.21</b>	<b>2.55</b>	<b>8.01</b>	<b>4.99</b>	<b>3.44</b>			<b>3.57</b>
Bloomberg Barclays US Aggregate				-1.25	-3.37	-2.12	0.71	4.65	3.10			3.28
<b>CASH</b>	<b>1/1/1988</b>	<b>285,946,751.76</b>	<b>1.93</b>	<b>0.03</b>	<b>0.05</b>	<b>0.11</b>	<b>0.21</b>	<b>1.60</b>	<b>1.50</b>	<b>0.91</b>	<b>1.78</b>	<b>3.43</b>
Citigroup Treasury Bill-3 Month				0.01	0.02	0.07	0.21	1.45	1.15	0.60	1.36	3.00
<b>DIVERSIFYING STRATEGIES</b>	<b>7/1/2018</b>	<b>1,600,788,854.42</b>	<b>10.78</b>	<b>1.45</b>	<b>3.50</b>	<b>12.40</b>	<b>16.94</b>					<b>5.14</b>
Diversifying Strategies Custom				0.75	1.63	4.78	5.83					4.59
<b>REAL ESTATE</b>	<b>7/1/1984</b>	<b>589,400,001.67</b>	<b>3.97</b>	<b>0.32</b>	<b>1.64</b>	<b>4.99</b>	<b>4.78</b>	<b>8.65</b>	<b>9.33</b>	<b>9.28</b>	<b>7.26</b>	<b>6.29</b>
NCREIF NFI-ODCE Net 1 Qtr in Arrears Index^				1.10	1.10	-0.41	0.34	3.99	5.27	8.87	6.52	6.24
<b>REAL RETURN</b>	<b>7/1/2011</b>	<b>1,011,388,852.75</b>	<b>6.81</b>	<b>2.12</b>	<b>4.61</b>	<b>16.89</b>	<b>25.45</b>	<b>3.74</b>	<b>5.25</b>			<b>3.79</b>
Pension Real Return Custom Benchmark				2.12	4.61	16.89	25.45	3.74	5.25			2.93
<b>OPPORTUNISTIC</b>	<b>7/1/2018</b>	<b>375,449,617.00</b>	<b>2.53</b>	<b>1.03</b>	<b>3.61</b>	<b>16.99</b>	<b>24.64</b>					<b>8.72</b>
S&P LSTA Leveraged Loan Index				0.00	1.78	10.03	20.71					4.16

KENTUCKY RETIREMENT SYSTEMS - PENSION FUND - PLAN NET RETURNS - 03/31/21

Plan	Inception	Market Value	% of Total	Month	3 Months	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	20 Years	ITD
<b>KERS</b>		<b>2,706,296,495.32</b>	<b>100.00</b>	<b>1.59</b>	<b>3.21</b>	<b>16.40</b>	<b>26.47</b>	<b>8.23</b>	<b>8.98</b>	<b>7.18</b>	<b>6.49</b>	<b>9.05</b>
KY Ret. KERS Plan Index				1.20	2.26	15.14	25.46	7.56	8.62	7.11	6.48	9.11
<b>KERS- H</b>		<b>825,636,856.81</b>	<b>100.00</b>	<b>1.91</b>	<b>3.80</b>	<b>18.70</b>	<b>29.80</b>	<b>8.47</b>	<b>9.59</b>	<b>7.49</b>	<b>6.65</b>	<b>9.14</b>
KY Ret. KERS Haz Plan Index				1.58	2.99	17.94	29.39	8.15	9.46	7.43	6.64	9.20
<b>CERS</b>		<b>8,201,883,087.75</b>	<b>100.00</b>	<b>2.02</b>	<b>3.96</b>	<b>19.00</b>	<b>29.68</b>	<b>8.56</b>	<b>9.74</b>	<b>7.53</b>	<b>6.66</b>	<b>9.15</b>
KY Ret. CERS Plan Index				1.58	2.99	17.94	29.39	8.15	9.48	7.43	6.64	9.20
<b>CERS- H</b>		<b>2,780,134,312.48</b>	<b>100.00</b>	<b>2.02</b>	<b>3.93</b>	<b>18.96</b>	<b>29.59</b>	<b>8.52</b>	<b>9.70</b>	<b>7.52</b>	<b>6.66</b>	<b>9.14</b>
KY Ret. CERS Haz Plan Index				1.58	2.99	17.94	29.39	8.15	9.47	7.43	6.64	9.20
<b>SPRS</b>		<b>331,503,938.81</b>	<b>100.00</b>	<b>1.55</b>	<b>3.20</b>	<b>16.09</b>	<b>26.57</b>	<b>8.08</b>	<b>9.02</b>	<b>7.06</b>	<b>6.43</b>	<b>9.02</b>
KY Ret. SPRS Plan Index				1.20	2.26	15.14	25.46	7.50	8.78	7.10	6.47	9.11



Note: The above chart displays the average monthly allocation.

Agenda - Investment Committee Report and Recommendations

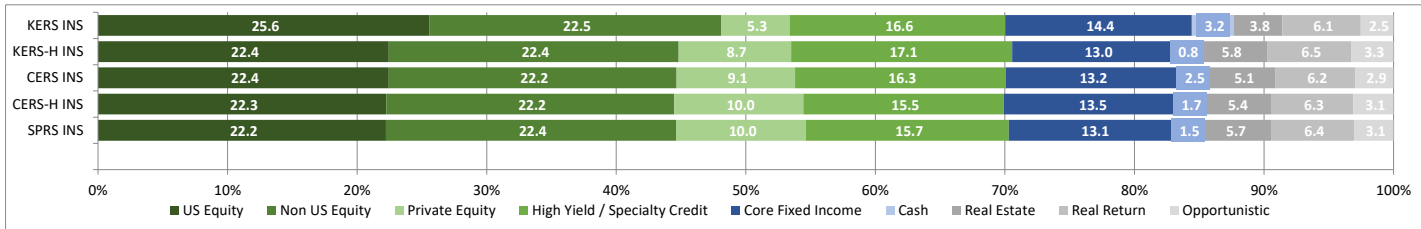
CERS Special Called Investment Committee Meeting - Investment Performance Review

KENTUCKY RETIREMENT SYSTEMS - INSURANCE FUND - NET RETURNS - 03/31/21

Structure	Inception	Market Value	% of Total	Month	QTD	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	20 Years	ITD
				KRS	KRS	KRS	KRS	KRS	KRS	KRS	KRS	KRS
<b>TOTAL FUND</b>	4/1/1987	6,556,911,109.32	100.00	2.02	3.89	18.74	28.86	8.37	9.66	7.07	5.98	7.57
KY Ret. Blended Index				1.59	2.94	17.72	28.53	7.97	9.40	7.46	6.21	7.87
<b>GROWTH</b>	7/1/2018	4,683,594,990.26	71.43	2.64	4.94	25.17	38.34					10.54
Growth Custom Benchmark				2.29	5.57	30.32	43.84					12.94
<b>PUBLIC EQUITY</b>	7/1/1992	2,988,294,143.74	45.57	2.59	5.47	32.25	59.42	12.03	13.44	9.19	7.10	9.16
Global Equity Blended Index				2.48	5.06	31.57	57.23	11.77	13.35	9.10	6.67	8.92
<b>US PUBLIC</b>	7/1/1992	1,533,926,947.95	23.39	3.78	7.41	34.28	63.72	16.44	15.99	13.17	8.59	10.36
KY Domestic Equity Blend				3.58	6.35	33.19	62.53	17.12	16.64	13.80	8.77	10.31
<b>EQUITY NON US</b>	4/1/2000	1,454,367,195.79	22.18	1.36	3.50	30.17	54.76	8.07	11.02	5.65	6.39	4.06
KY Ret.int'l Eq. Blended Index				1.37	3.77	29.91	51.94	6.51	10.01	5.33	5.77	3.39
<b>PRIVATE EQUITY</b>	7/1/2002	561,073,080.75	8.56	5.12	6.43	20.83	9.23	9.69	11.56	12.70		10.05
Russell 3000 + 3%(Qtr Lag)				5.12	6.43	20.83	9.23	9.69				11.92
<b>HIGH YIELD / SPECIALTY CREDIT</b>	7/1/2017	1,134,227,765.77	17.30	1.58	2.86	11.83	12.85	5.47				5.82
Bloomberg Barclays US High Yield				0.07	1.32	11.17	22.23	5.49				5.09
<b>FIXED INCOME / LIQUIDITY</b>	7/1/2018	1,005,699,172.08	15.34	-0.17	-0.25	2.13	6.60					4.50
Liquidity Custom Benchmark				-1.16	-3.14	-1.97	0.68					4.89
<b>CORE FIXED INCOME</b>	7/1/2013	864,872,800.18	13.19	-0.20	-0.30	2.43	7.78	4.78	3.32			3.24
Bloomberg Barclays US Aggregate				-1.25	-3.37	-2.12	0.71	4.65	3.10			3.28
<b>CASH</b>	7/1/1992	140,826,371.90	2.15	0.01	0.02	0.09	0.20	1.43	1.23	0.75	1.57	2.52
Citigroup Treasury Bill-3 Month				0.01	0.02	0.07	0.21	1.45	1.15	0.60	1.36	2.40
<b>DIVERSIFYING STRATEGIES</b>	7/1/2018	676,856,904.80	10.32	1.37	3.20	12.22	16.67					5.52
Diversifying Strategies Custom				0.75	1.63	4.78	5.83					4.59
<b>REAL ESTATE</b>	5/1/2009	249,384,482.65	3.80	0.36	1.60	5.02	4.89	8.78	9.51	9.22		9.11
NCREIF NFI-ODCE Net 1 Qtr in Arrears Index^				1.10	1.10	-0.41	0.34	3.99	5.27	8.87		5.43
<b>REAL RETURN</b>	7/1/2011	427,472,422.15	6.52	1.97	4.15	16.25	24.14	4.27	5.32			3.76
Pension Real Return Custom Benchmark				1.97	4.15	16.25	24.14	4.27	5.32			3.17
<b>OPPORTUNISTIC</b>	7/1/2018	191,181,257.00	2.92	1.03	3.61	16.99	24.64					8.72
S&P LSTA Leveraged Loan Index				0.00	1.78	10.03	20.71					4.16

KENTUCKY RETIREMENT SYSTEMS - INSURANCE FUND - PLAN NET RETURNS - 03/31/21

Plan	Inception	Market Value	% of Total	Month	3 Months	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	20 Years	ITD
<b>KERS INS</b>		1,230,494,747.53	100.00	1.87	3.73	19.02	30.90	8.29	9.45	6.84	5.87	7.50
KY Ins. KERS Plan Index				1.61	2.97	17.75	28.62	7.99	9.49	7.36	6.16	7.84
<b>KERS - H INS</b>		596,829,016.49	100.00	2.05	3.93	18.65	28.39	8.20	9.54	7.02	5.96	7.56
KY Ins. KERS Haz Plan Index				1.61	2.97	17.75	28.62	8.04	9.50	7.39	6.18	7.85
<b>CERS INS</b>		2,966,839,435.34	100.00	2.03	3.90	18.62	28.52	8.33	9.65	7.10	5.99	7.58
KY Ins. CERS Plan Index				1.61	2.97	17.75	28.62	8.04	9.47	7.40	6.19	7.85
<b>CERS - H INS</b>		1,529,029,858.53	100.00	2.08	3.96	18.71	28.16	8.36	9.69	7.13	6.01	7.59
KY Ins. CERS Haz Plan Index				1.61	2.97	17.75	28.62	8.04	9.47	7.40	6.19	7.85
<b>SPRS INS</b>		233,718,047.53	100.00	2.06	3.96	18.94	28.52	8.54	9.80	7.17	6.03	7.60
KY Ins. SPRS Plan Index				1.61	2.97	17.75	28.62	8.04	9.47	7.41	6.19	7.86



Note: The above chart displays the average monthly allocation.



## KENTUCKY RETIREMENT SYSTEMS



### INVESTMENTS

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To: Investment Committee – Kentucky Retirement Systems

From: Anthony Chiu, Director

Date: March 29, 2021

Subject: Investment Recommendation – Harrison Street Core Property Fund

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KRS Investment Staff is proposing an additional investment in Harrison Street Core Property Fund (the “Core Fund”), an open-end core real estate fund that focuses on stabilized properties in three sectors that Harrison Street believes to be defensive and needs-based: healthcare, education, and storage.

KRS is a founding investor in the fund, which launched in 2011. A commitment of 0.90% of plan assets (around \$120 million at the time) was approved by the Investment Committee in November 2011. The Core Fund has approximately \$10 billion of gross asset value and \$7.5 billion of net asset value as of the end of 2020.

As a result of the new asset allocation that took effect at the beginning of 2021, KRS’s target weight for real estate increased from 5% to 10%. Both KRS’s Pension and Insurance entities began the year with around a 4% allocation to real estate, and this proposed addition will help move the plans toward their increased target as it gets deployed over the next 2-3 quarters.

#### **Business / People:**

Harrison Street Capital was founded in 2005 in Chicago by Christopher Merrill (previously at Heitman from 1993-2005) and the Galvin family (founders of Motorola). In 2018, the firm sold a 75% stake to real estate services company Colliers International. The Galvins exited the company as a result of the deal, while Merrill remained the firm’s CEO and is the firm’s largest individual shareholder.

Harrison Street currently has \$32 billion under management across several investment vehicles, including closed-end opportunistic fund series that focus on real estate in the US (7 funds) and Europe (3 funds). The firm also launched an open-end Social Infrastructure fund in 2018 that targets investments servicing universities, health systems, and municipalities.

Joey Lansing joined Harrison Street in 2011 to found the Core Fund and is its Senior Portfolio Manager. Prior to Harrison Street, he was the Chief Operating Officer at real estate consultant ORG Portfolio Management from 2009-2011. Before ORG, Lansing was a Senior Principal at Syndicated Equities, where he led a real estate fund-of-funds strategy.

Lansing is one of seven Core Fund Investment Committee members, which includes Merrill and five other senior executives who have been with the Core Fund since inception. As a firm, Harrison Street has close to 200 employees, including over 30 each on the Transactions and Asset Management teams.

#### **Investment Process and Portfolio:**

Over nearly 10 years, the Core Fund has built a portfolio of more than 300 healthcare, education, and storage properties across 36 states and 72 metro areas.

CERS Special Called Investment Committee Meeting - Real Estate Fund Investments Increased Allocation

This has been driven by a network of 50+ operating partners that specialize in the development, leasing, and management of assets in the Core Fund’s targeted sectors. These partners provide Harrison Street exclusive opportunities in exchange for their capital and structuring expertise.

By sector and value, the portfolio currently consists of roughly 70% healthcare, 20% student housing, and 10% self-storage. Within healthcare, medical office and senior housing each comprise around 30% of the total portfolio. Medical office occupancy has been stable, remaining at pre-pandemic levels of over 95%. Senior housing occupancy did decline as facilities were closed in early 2020, but move-ins have resumed and the fund’s assets are all private pay. The Core Fund’s student housing portfolio is also expected to normalize with universities nationwide largely planning to reopen for in-person enrollment in fall 2021.

The Core Fund continued to find attractive deals across its target sectors in 2020. These include a student housing portfolio at University of Massachusetts-Amherst, a medical office building that is master leased to Yale University for 20 years, and a Fort Myers, Florida area self-storage facility built in 2019 that is over 85% occupied.

The portfolio currently has and targets around 25% leverage, with a limit of 40%.

**Performance:**

Fund	1 yr	3 yr	5 yr	Since Inception	Inception Date
Harrison Street Core Property Fund	5.0%	6.4%	7.6%	8.2%	May 2012
NCREIF NFI ODCE Net Index	0.5%	4.3%	5.7%	8.2%	

Source: BNY, Harrison Street, NCREIF as of 9/30/20

From its 4Q 2020 flash report, the Core Fund produced a net return of 4% for 2020 despite the pandemic. Almost all of this consisted of income, as appreciation was essentially flat. For comparison, the ODCE index returned 0.3% for the year.

**Conclusion:** KRS currently has ~\$125 million in the Core Fund, and Staff is recommending an additional investment of \$200 million to be shared among all plans. This represents an additional 0.9-1.0% of plan assets (depending on fluctuations in market value) and would result in a 1.5-1.6% weight when fully funded.

Investment and Terms Summary

**Type of Investment:** Real Estate - Core

**Structure:** Open end

**Management Fee:** 0.75% of NAV

**Performance Fee:** None

**Purpose:** Capture current income from properties serving sectors with ongoing secular demand, with some potential for capital appreciation

**Risks:** Equity, Leverage, Liquidity, Fund Size

**Exp. Net Return:** 5 - 9%



## KENTUCKY PUBLIC PENSIONS AUTHORITY

David L. Eager, Executive Director

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



**TO:** Members of the of the CERS & KRS Board of Trustees

**FROM:** Joint CERS & KRS Retiree Health Plan Committee

**DATE:** May 19, 2021 & May 20, 2021

**SUBJECT:** Joint CERS & KRS Retiree Health Plan Committee Report

The Retiree Health Plan Committee met on Tuesday, May 11, 2021. The Committee elected Mr. Jerry Powell (CERS) as Chair and Mr. Joe Grossman (KRS) as Vice-Chair. An overview of the Joint Committee structure was presented by Justin McNeil, Staff Attorney. The Committee reviewed a presentation from Humana regarding the following: Humana 2020 Plan Performance, Factors Expected to Impact 2022 Rates, and Humana Custom Care in an enhanced customer service model. The Committee also viewed a presentation on Kentucky Revised Statute 45a and discussed the time line for the 2022 Medicare Advantage Request for Proposal process.



## KENTUCKY PUBLIC PENSIONS AUTHORITY

David L. Eager, Executive Director

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kyret.ky.gov • Phone: 502-696-8800 • Fax: 502-696-8822



DATE: May 20, 2021

TO: Keith Peercy, Chair  
KRS Board of Trustees

FROM: Erin Surratt, Executive Director  
Office of Benefits

RE: KHC's Application to Voluntarily Cease Participation in KERS

HB 1 of the 2019 Extraordinary Session of the General Assembly was passed allowing quasi-governmental employers a one-time window to cease participation in the Kentucky Employees Retirement System (KERS) for its members under different provisions than are generally provided under KRS 61.522. Additionally, the bill provided that the ceasing quasi-governmental employer shall elect either to 1) keep its Tier 1 and Tier 2 employees in the system after the effective cessation date ("soft freeze") or 2) elect that all employees cease participating in KERS as of the effective cessation date ("hard freeze"). The effective cessation date was set as June 30, 2020 in HB 1, however, SB 249 of the 2020 Regular Session of the Kentucky General Assembly moved the cessation date to June 30, 2021. Finally, HB 1 provides that the ceasing employer may elect to pay the cost by lump-sum or installments.

Kentucky Housing Corporation (KHC) has timely filed a completed Form 7727 – Actuarial Study for Quasi-Governmental Employer Cessation, the required \$10,000 application fee and resolution from its governing body voting to voluntarily cease participation in KERS as of June 30, 2021. KHC has elected a "hard freeze" for its employees; therefore, the employees will cease participating in KERS after June 30, 2021. KHC's employees will be eligible to participate in KHC's alternative retirement plan. KHC elected to pay for their cessation cost by lump-sum; therefore, per KRS 61.522(7)(b) a discount rate of 4.5% will be used when calculating KHC's final cessation cost.

KHC has successfully satisfied the requirements to file an application to voluntarily cease participation under KRS 61.522(8). KHC has no active litigation against Kentucky Retirement Systems and no delinquent invoices to be paid. Pursuant to KRS 61.522(8)(a), the board shall accept any election to cease participation on or before June 30, 2021.





**Kentucky Retirement Systems**  
 1260 Louisville Rd. • Frankfort KY 40601-6124  
 Phone: (502) 696-8800 • Fax: (502) 696-8822 • kyret.ky.gov



**Form 7727**  
 02/2020

**Actuarial Study for Quasi-Governmental Employer Cessation**

**Agency Information**

Full Legal Name of Agency: Kentucky Housing Corporation Phone Number: (502) 564-7630

Address: 1231 Louisville Road City: Frankfort State: KY Zip Code: 40601

KRS Employer Code 7407

Name of person to contact regarding this application: James Statler

Address: 1231 Louisville Road City: Frankfort State: KY Zip Code: 40601

Phone Number: (502) 564-7630 Fax: E-mail: jstatler@kyhousing.org

Name of Agency Head: Winston Miller

Address: 1231 Louisville Road City: Frankfort State: KY Zip Code: 40601

Phone Number: (502) 564-7630 Fax: E-mail: wmiller@kyhousing.org

Name of Reporting Official: James Statler

Address: 1231 Louisville Road City: Frankfort State: KY Zip Code: 40601

Phone Number: (502) 564-7630 Fax: E-mail: jstatler@kyhousing.org

Name of Attorney representing agency: Alan D. Pauw, McBrayer, PLLC

Address: 500 West Jefferson Street, Ste. 2400 City: Louisville State: KY Zip Code: 40202

Phone Number: (502) 327-5400 Fax: E-mail: apauw@mcbrayerfirm.com

Board Chair: Mitchell Denham, Jr.

**Attach List of Current Board Members**

Date of Resolution: (Attach Resolution) March 25, 2021

Attach Notarized copy of the official minutes of the meeting the resolution was adopted, if applicable.  
 Please see attached resolution template.

Name of proposed Alternative Retirement Program: Kentucky Housing Corporation Defined Contribution Plan

Type of Plan: 401(a)

Attach documentation of alternative retirement plan

**If the agency is a corporation organized under KRS Chapter 273:**

Secretary of State Organization Number: KHC is formed pursuant to KRS 198A; It is registered with the Secretary of State as well 0842724

Name of Registered Agent: Jeremy Ratliff

Address: 1231 Louisville Road City: Frankfort State: KY Zip Code: 40601

**Attach the following information for all current and former full time employees:**

- Full names;
- Last known addresses;
- Dates of Birth;
- Social Security Numbers or Kentucky Retirement Systems Member IDs;
- Beginning dates of employment, if applicable;
- Ending dates of employment, if applicable;
- Sick leave balances;
- Beginning and ending dates of any active military service when the employee was not employed by the employer filing Form 7727, if available; and
- Beginning and ending dates of any active military service when the employee was employed by the employer filing Form 7727.

**Attach:**

- The employer's most recent five (5) audited financial statements and independent auditor's reports;
- The employer's most recent five (5) Comprehensive Annual Financial Reports, if applicable.

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I, Winston Miller, Executive Director/CEO acknowledge  
 NAME OF AGENCY HEAD TITLE OF AGENCY HEAD

and agree that Kentucky Housing Corporation is subject to and will comply with all the provisions KRS 61.522 and  
 NAME OF AGENCY

KAR 1:149.

Winston E Miller  
 Signature line for Agency Head

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I, Mitchell Denham, Jr., Chair of the Board of Trustees, acknowledge and agree that  
 NAME OF BOARD CHAIR

Kentucky Housing Corporation is subject to and will comply with all the provisions KRS 61.522 and 105 KAR 1:149.  
 NAME OF AGENCY

B. Denham, Jr., Board Chair  
 Signature line for Board Chair

**Resolution No. 12  
Series of 2021**

**A RESOLUTION AUTHORIZING KENTUCKY HOUSING CORPORATION TO VOLUNTARILY  
CEASE PARTICIPATION IN THE KENTUCKY EMPLOYEES RETIREMENT SYSTEM.**

**NOW, THEREFORE, BE IT RESOLVED:**

Whereas, the Governing Body of Kentucky Housing Corporation having discussed the various issues involved hereby resolves to voluntarily cease participation in KERS pursuant to KRS 61.522(8);

The Governing Body of this Agency hereby elects that nonhazardous employees hired prior to June 30, 2020, who began participating in KERS prior to January 1, 2014, will cease earning service credit and benefits after June 30, 2020.

The Governing Body of this Agency hereby acknowledges it is subject to the requirements and restrictions of KRS 61.522 and 105 KAR 1:149;

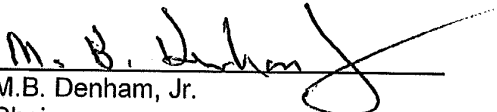
The Governing Body of this Agency hereby acknowledges that in order to cease participation in KERS pursuant to KRS 61.522(8), the agency shall pay the actuarial cost of ceasing participation and all administrative costs associated therewith;

The Governing Body of this Agency hereby agrees to cooperate with Kentucky Retirement Systems to educate its employees concerning the effect of cessation and the employer election regarding continued participation on the employees' retirement account and the employees' options regarding their retirement accounts;

The Governing Body of this Agency shall not mandate, force, or require its employees to take a refund of their accumulated account balance as defined by KRS 61.510(41), or retaliate against its employees who choose not to take refunds of their accumulated account balance as defined in KRS 61.510(41); and

The Governing Body of this Agency shall hold the Commonwealth and Kentucky Retirement Systems, including board members and employees of the Systems, harmless from damages, attorney's fees and costs from legal claims for any cause of action brought by any member or retired member of the ceasing employer related to the cessation of the employer.

Adopted this 25<sup>th</sup> day of March, 2021.

  
M.B. Denham, Jr.  
Chair

SEAL

ATTEST:

  
Jeremy J. Ratliff  
Corporate Secretary



January 28, 2020

Mr. David Eager  
 Executive Director  
 Kentucky Retirement Systems  
 1260 Louisville Road  
 Frankfort, KY 40601

**Re: Preliminary Cessation Liability for Kentucky Housing Corporation under House Bill 1 (2019 Special Session)**

Dear Mr. Eager:

Below are the results of the calculations of the preliminary actuarial cost associated with the cessation of Kentucky Housing Corporation from the Kentucky Employees Retirement System Non-Hazardous Fund (KERS-NH) under the provisions established in subsection (8) of KRS 61.522. These statutes allow an eligible employer to voluntarily cease participating in KERS-NH effective June 30, 2020 under different provisions than are generally provided by KRS 61.522. An employer must make an election on or after April 1, 2020 but prior to May 1, 2020.

**The analysis contained in this letter is a preliminary cessation liability as of June 30, 2020 based on financial and membership data available as of June 30, 2019.** If the employer elects to withdraw from KERS-NH, a final actuarial cost will be provided in early 2021, which will be based on plan assets, actuarial assumptions, plan provisions and census information as of June 30, 2020. **The final actuarial cost could vary significantly from the preliminary calculation contained in this letter.**

Table 1: Summary of Cessation Cost

	Cessation Cost as of June 30, 2020	Annual Payment Beginning July 1, 2020	Discount Rate used to Calculate Cessation Cost	Current Employees to Continue Participating?
Option #1 (Hard Freeze, Lump Sum)	\$86,312,173	N/A (lump sum required)	4.50%	No
Option #2 (Soft Freeze, Lump Sum)	\$122,612,155	N/A (lump sum required)	3.50%	Tier 1/2 Only
Option #3 (Hard Freeze, Installments)	\$100,376,242	\$5,856,149 <sup>i</sup> (payable for 30 years)	3.50%	No
Option #4 (Soft Freeze, Installments)	\$134,648,114	\$7,566,517 <sup>i</sup> (payable for 30 years)	3.00%	Tier 1/2 Only
No Election to Cease Participation	N/A	\$9,196,017 <sup>ii</sup>	N/A	Yes

<sup>i</sup> Amount increases by 1.5% annually. See tables 5 and 7 for additional information.

<sup>ii</sup> Estimated annual required contribution based on the actuarially determined contribution rate of 93.01% calculated in the June 30, 2019 actuarial valuation and estimated FY 20/21 payroll. Actual contributions will be based on the contribution rate budgeted by the General Assembly and actual payroll for FY 20/21.

Mr. David Eager  
 January 28, 2020  
 Page 2

**Cessation Option #1: Hard Freeze and pay actuarial cost as a lump-sum payment**

Under cessation option #1, all active employees will become inactive members effective June 30, 2020. The employees' accrued benefits will be frozen and they will cease earning additional service credit applicable for retirement eligibility. The cessation cost is determined as of June 30, 2020 and must be paid in a one-time lump-sum payment prior to July 1, 2021 (with interest from July 1, 2020 to the payment date based on a 5.25% annual rate for the retirement fund and a 6.25% annual rate for the insurance fund).

Table 2: Cessation Cost under Option #1

	Retirement Fund	Insurance Fund	Total
1. Full Actuarial Cost for Active Members	\$ 27,378,375	\$ 9,224,947	\$ 36,603,322
2. Full Actuarial Cost for Vested Inactive Members	4,641,741	1,444,694	6,086,435
3. Full Actuarial Cost for Other Inactive Members	118,307	-	118,307
4. Full Actuarial Cost for Members in Receipt of Benefits	51,886,331	8,333,964	60,220,295
5. Full Actuarial Cost: (1) + (2) + (3) + (4)	\$ 84,024,754	\$ 19,003,605	\$ 103,028,359
6. Allocated Market Value of Assets	11,322,147	5,394,039	16,716,186
7. Unfunded Actuarial Cessation Cost: (5) – (6)	\$ 72,702,607	\$ 13,609,566	\$ 86,312,173
8. Lump Sum Payable on June 30, 2021 <sup>1</sup>	\$ 76,519,494	\$ 14,460,164	\$ 90,979,658

<sup>1</sup> Illustrative purposes only. The lump-sum payment may be made on any date prior to July 1, 2021.

**Cessation Option #2: Soft Freeze and pay actuarial cost as a lump-sum payment**

Under cessation option #2, active employees earning benefits in the KERS Non-Hazardous Hybrid Cash Balance plan will become inactive members effective June 30, 2020. These employees' accrued benefits will be frozen and they will cease earning additional service credit applicable for retirement eligibility. Active employees earning Tier 1 or Tier 2 benefits will continue to contribute and earn service credit for as long as they remain employed by the employer in a regular full-time position that is eligible to participate in KERS-NH. The cessation cost is determined as of June 30, 2020 and must be paid in a one-time lump-sum payment prior to July 1, 2021 (with interest from July 1, 2020 to the payment date based on a 5.25% annual rate for the retirement fund and a 6.25% annual rate for the insurance fund).

Table 3: Cessation Cost under Option #2

	Retirement Fund	Insurance Fund	Total
1. Full Actuarial Cost for Active Members	\$ 50,694,531	\$ 13,831,079	\$ 64,525,610
2. Full Actuarial Cost for Vested Inactive Members	5,402,642	1,720,723	7,123,365
3. Full Actuarial Cost for Other Inactive Members	118,307	-	118,307
4. Full Actuarial Cost for Members in Receipt of Benefits	58,106,267	9,454,792	67,561,059
5. Full Actuarial Cost: (1) + (2) + (3) + (4)	\$ 114,321,747	\$ 25,006,594	\$ 139,328,341
6. Allocated Market Value of Assets	11,322,147	5,394,039	16,716,186
7. Unfunded Actuarial Cessation Cost: (5) – (6)	\$ 102,999,600	\$ 19,612,555	\$ 122,612,155
8. Lump Sum Payable on June 30, 2021 <sup>1</sup>	\$ 108,407,079	\$ 20,838,340	\$ 129,245,419

<sup>1</sup> Illustrative purposes only. The lump-sum payment may be made on any date prior to July 1, 2021.



Mr. David Eager  
 January 28, 2020  
 Page 3

**Cessation Option #3: Hard Freeze and pay actuarial cost in installments**

Under cessation option #3, all active employees will become inactive members effective June 30, 2020 and will cease earning additional service credit applicable for the calculation of the benefit amount and for retirement eligibility. The cessation cost is determined as of June 30, 2020 and must be paid in monthly installments beginning July 1, 2020. The annual amount paid from July 1, 2020 through June 30, 2021 will be equal to the greater of:

- (1) Actual contributions paid by the employer from July 1, 2019 through June 30, 2020; or
- (2) 49.47% times the annualized average of creditable compensation reported to the system over the last 60 months occurring prior to July 1, 2019.

The total annual payment due will be increased by 1.50% each year until the unfunded actuarial cessation cost is paid for in full or until 30 years of payments are made. Annual interest at a rate equal to 5.25% for the retirement fund and 6.25% for the insurance fund will be applied.

**Table 4: Cessation Cost under Option #3**

	Retirement Fund	Insurance Fund	Total
1. Full Actuarial Cost for Active Members	\$ 31,413,766	\$ 10,875,931	\$ 42,289,697
2. Full Actuarial Cost for Vested Inactive Members	5,402,642	1,720,723	7,123,365
3. Full Actuarial Cost for Other Inactive Members	118,307	-	118,307
4. Full Actuarial Cost for Members in Receipt of Benefits	58,106,267	9,454,792	67,561,059
5. Full Actuarial Cost: (1) + (2) + (3) + (4)	\$ 95,040,982	\$ 22,051,446	\$ 117,092,428
6. Allocated Market Value of Assets	11,322,147	5,394,039	16,716,186
7. Unfunded Actuarial Cessation Cost: (5) – (6)	\$ 83,718,835	\$ 16,657,407	\$ 100,376,242
8. Actual contributions for FY 19/20	\$ 4,059,654	\$ 831,507	\$ 4,891,161
9. 49.47% x Annualized 60-month average payroll	\$ 4,860,592	\$ 995,557	\$ 5,856,149
10. Annual Payment for FY 20/21: Greater of (8) or (9)	\$ 4,860,592	\$ 995,557	\$ 5,856,149

**Table 5: Annual Payment<sup>1</sup> Schedule under Option #3**

FY 20/21	\$ 5,856,149	FY 28/29	\$ 6,596,910	FY 36/37	\$ 7,431,370	FY 44/45	\$ 8,371,384
FY 21/22	5,943,991	FY 29/30	6,695,863	FY 37/38	7,542,840	FY 45/46	8,496,954
FY 22/23	6,033,151	FY 30/31	6,796,301	FY 38/39	7,655,982	FY 46/47	8,624,408
FY 23/24	6,123,649	FY 31/32	6,898,246	FY 39/40	7,770,822	FY 47/48	4,238,499
FY 24/25	6,215,503	FY 32/33	7,001,720	FY 40/41	7,887,385	FY 48/49	1,510,479
FY 25/26	6,308,736	FY 33/34	7,106,746	FY 41/42	8,005,696	FY 49/50	1,533,136
FY 26/27	6,403,367	FY 34/35	7,213,347	FY 42/43	8,125,782		
FY 27/28	6,499,418	FY 35/36	7,321,547	FY 43/44	8,247,669		

<sup>1</sup> Annual payments calculated separately for retirement and insurance plans and each will increase 1.50% annually



Mr. David Eager  
 January 28, 2020  
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**Cessation Option #4: Soft Freeze and pay actuarial cost in installments**

Under cessation option #4, active employees earning benefits in the KERS Non-Hazardous Hybrid Cash Balance plan will become inactive members effective June 30, 2020. These employees' accrued benefits will be frozen and they will cease earning additional service credit applicable for retirement eligibility. Active employees earning Tier 1 or Tier 2 benefits will continue to contribute and earn service credit for as long as they remain employed by the employer in a regular full-time position that is eligible to participate in KERS-NH. The unfunded actuarial cessation cost is determined as of June 30, 2020 and must be paid in monthly installments beginning July 1, 2020. The annual amount paid from July 1, 2020 through June 30, 2021 will be equal to the greater of:

- (1) Actual contributions paid by the employer from July 1, 2019 through June 30, 2020; or
- (2) 49.47% times the annualized average of creditable compensation reported to the system over the last 60 months occurring prior to July 1, 2019; or
- (3) Annual contribution necessary to pay off the cessation cost within 30 years.

The total annual payment due will be increased by 1.50% each year until the unfunded actuarial cessation cost is paid for in full. Annual interest at a rate equal to 5.25% for the retirement fund and 6.25% for the insurance fund will be applied.

**Table 6: Cessation Cost under Option #4**

	Retirement Fund	Insurance Fund	Total
1. Full Actuarial Cost for Active Members	\$ 56,265,935	\$ 15,389,685	\$ 71,655,620
2. Full Actuarial Cost for Vested Inactive Members	5,861,405	1,890,234	7,751,639
3. Full Actuarial Cost for Other Inactive Members	118,307	-	118,307
4. Full Actuarial Cost for Members in Receipt of Benefits	61,723,178	10,115,556	71,838,734
5. Full Actuarial Cost: (1) + (2) + (3) + (4)	\$ 123,968,825	\$ 27,395,475	\$ 151,364,300
6. Allocated Market Value of Assets	11,322,147	5,394,039	16,716,186
7. Unfunded Actuarial Cessation Cost: (5) – (6)	\$ 112,646,678	\$ 22,001,436	\$ 134,648,114
8. Actual contributions for FY 19/20	\$ 4,059,654	\$ 831,507	\$ 4,891,161
9. 49.47% x Annualized 60-month average payroll	\$ 4,860,592	\$ 995,557	\$ 5,856,149
10. Annual Payment for FY 20/21: Greater of (8) or (9) unless payment must be increased to pay for cost within 30 years	\$ 6,208,215	\$ 1,358,302	\$ 7,566,517

**Table 7: Annual Payment Schedule under Option #4**

FY 20/21	\$ 7,566,517	FY 28/29	\$ 8,523,625	FY 36/37	\$ 9,601,800	FY 44/45	\$10,816,357
FY 21/22	7,680,015	FY 29/30	8,651,480	FY 37/38	9,745,827	FY 45/46	10,978,602
FY 22/23	7,795,215	FY 30/31	8,781,252	FY 38/39	9,892,015	FY 46/47	11,143,281
FY 23/24	7,912,143	FY 31/32	8,912,970	FY 39/40	10,040,395	FY 47/48	11,310,430
FY 24/25	8,030,825	FY 32/33	9,046,664	FY 40/41	10,191,001	FY 48/49	11,480,087
FY 25/26	8,151,288	FY 33/34	9,182,364	FY 41/42	10,343,866	FY 49/50	11,652,227
FY 26/27	8,273,557	FY 34/35	9,320,100	FY 42/43	10,499,024		
FY 27/28	8,397,660	FY 35/36	9,459,901	FY 43/44	10,656,509		

<sup>1</sup> Annual payments calculated separately for retirement and insurance plans and each will increase 1.50% annually



Mr. David Eager  
January 28, 2020  
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**Option #5: Continue to remain a participating employer in KERS Non-Hazardous System**

Absent any election to cease participation in the KERS Non-Hazardous System by April 30, 2020, the employer will remain a participating employer in the System and all current and future eligible employees will earn benefits in KERS-NH. Absent any future legislation, the employer will contribute the full board certified contribution rate on the payroll of employees earning benefits in the System, which is expected to be 93.01% of pay beginning July 1, 2020. This contribution rate may increase or decrease in future years depending on future plan experience as well as possible future legislation enacted by the General Assembly.

**Calculation Process and Actuarial Assumptions**

The actuarial calculations were performed in accordance with KRS 61.522, as amended by HB 1 passed during the 2019 Special Session. For the purposes of this calculation, the effective cessation date is assumed to be June 30, 2020 but the analysis is based on financial and membership data as of June 30, 2019. The total actuarial cost for all current and former employees for an employer is calculated based on the assumptions and methods described below. The allocated market value of assets is subtracted from the total actuarial cost to calculate the final cessation cost under each option.

For members active as of June 30, 2019 who will not accrue additional service after the cessation date, the members' accrued benefits are determined as of the cessation date, taking into account expected service and salaries that will be earned through June 30, 2020. Employees who are eligible to commence their retirement and health insurance benefits are assumed to do so July 1, 2020. Employees who are not eligible to commence their benefits July 1, 2020 are assumed to commence their retirement and insurance benefits at the first age they will satisfy the retirement eligibility criteria. Members active as of June 30, 2019, who will accrue additional service after the cessation date, are assumed to accrue benefits and to terminate, retire, become disabled, or die based on the actuarial assumptions documented in the June 30, 2019 actuarial valuation report.

Vested members who are inactive as of June 30, 2019 are assumed to commence their retirement and insurance benefits at the first age they will satisfy the retirement eligibility criteria. Non-vested inactive members who are due a refund are assumed to receive refunds of their member contributions at July 1, 2020.

The discount rate used to calculate the cessation cost shall be equal to 4.50%, 3.50%, 3.50%, and 3.00% under cessation options #1, #2, #3, and #4, respectively. Except where noted above, all other assumptions and methods used to determine this preliminary calculation of the cessation cost are based on the June 30, 2019 actuarial valuation (including the 2020 health insurance premiums).

The final cessation cost will be based on membership data as of June 30, 2020, actuarial assumptions and methods used in the June 30, 2020 actuarial valuation, and the yield on a 30-year Treasury bond as of June 30, 2020 (if greater than the statutory discount rate minimums).

In order to identify the allocated market value of assets, the actuarial accrued liability for only employees of Kentucky Housing Corporation was determined on an ongoing basis (i.e. assuming all employees continue participating in the System) based on the assumptions used in the June 30, 2019





Mr. David Eager  
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actuarial valuation, including the valuation discount rate. This liability was divided by the total actuarial accrued liability for the entire Fund, as determined in the June 30, 2019 actuarial valuation, in order to identify the percentage of liability attributable to Kentucky Housing Corporation. This percentage was, then, multiplied by the total market value of assets in the Fund. The following table shows the development of the allocated market value of assets for both the Retirement and Insurance Fund. The calculations shown below are also based on assets and liability as of June 30, 2019. The final cessation cost will be based on assets and liability as of June 30, 2020.

Table 8: Allocation of the Market Value of Assets

	Retirement Fund	Insurance Fund
1. On-Going Actuarial Accrued Liability for the Fund	\$ 16,466,427,022	\$ 2,733,065,479
2. On-Going Actuarial Accrued Liability for Employer	\$ 83,465,854	\$ 14,815,020
3. Percentage of the Total Actuarial Accrued Liability Attributed to Employer: (2) / (1)	0.5069%	0.5421%
4. Market Value of Assets for the Fund	\$ 2,233,671,656	\$ 995,088,799
5. Allocated Market Value of Assets: (3) x (4)	\$ 11,322,147	\$ 5,394,039

**Membership Data**

These calculations were based on the census data provided for the June 30, 2019 actuarial valuation. A summary of the census data used in these calculations can be found below. The final cessation cost will be based on census data as of June 30, 2020.

Table 9: Summary of Census Data

<b>Active Members</b>		<b>Vested Inactive Members</b>	
Number	189	Number	103
Average Age at Cessation Date	49	Average Age at Cessation Date	53
Average Service at Cessation Date	13	Average Annual Benefit	\$ 3,313
Average Annual Salary	\$ 52,313		
<b>Members in Receipt of Benefits</b>		<b>Other Inactive Members</b>	
Number	164	Number	28
Average Age at Cessation Date	67	Accumulated Contributions	\$ 118,270
Average Annual Benefit	\$ 22,639		

For purposes of this analysis, the calculations only include liability attributable to: (1) the accrued benefits payable to members who are currently actively employed with Kentucky Housing Corporation, (2) accrued benefits payable to inactive members in KERS-NH whose last employment with a participating employer in KERS-NH was with Kentucky Housing Corporation, and (3) members who were last employed with Kentucky Housing Corporation when they commenced their retirement allowance (which also includes former inactive members with Kentucky Housing Corporation who commenced their retirement benefits after satisfying the retirement eligibility requirements). The calculated liability amounts do not include any liability attributable to members who earned service with Kentucky Housing Corporation and subsequently became employed by another participating employer in KERS-NH. There



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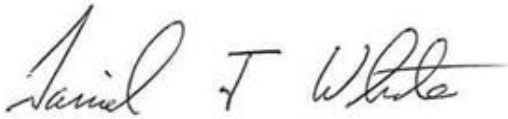
is also no liability attributable for retirement benefits that a member may have earned while employed with another employer that participated in a different retirement system, such as the County Employees Retirement System (CERS).

**Certification**


All of our work conforms with generally accepted actuarial principles and practices and the Actuarial Standards of Practice issued by the Actuarial Standards Board. In our opinion, the methodology and processes used in these calculations are reasonable and comply with the applicable requirements of Kentucky State law.

The undersigned are independent actuaries and consultants. Mr. White is an Enrolled Actuary and both Mr. White and Ms. Shaw are Members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. Both consultants below are experienced in performing valuations for large public retirement systems.

Sincerely,



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



Jamie Shaw, ASA, MAAA  
Consultant

cc: Rebecca Adkins, KRS  
Kathy Rupinen, KRS  
Erin Surratt, KRS

