

**Kentucky Public Pensions Authority
Special Called Quarterly Meeting
May 26, 2021 at 10:00 a.m. EST
Live Video Conference/Facebook Live
AGENDA**

- | | |
|--------------------------------------------------------------|-------------------------------------|
| 1. Call to Order | Keith Peercy |
| 2. Roll Call | Alane Foley |
| 3. Public Comment | |
| 4. Approval of Minutes – April 28, 2021* | Keith Peercy |
| 5. KRS 61.661 Interpretation* | David Eager, Rebecca Adkins |
| 6. Investment Performance | Steven Herbert |
| 7. Executive Director Contract Modification* | Keith Peercy |
| 8. KPPA Bylaw Amendments* | Kathy Rupinen, Carrie Bass |
| 9. PPW Discussion | Rebecca Adkins |
| 10. Administrative Expenses Calculation (Plan Split)* | Rebecca Adkins |
| 11. Quarterly Financial Reports | Rebecca Adkins, Connie Davis |
| a. YTD Financial Spreadsheet | |
| b. Contribution Report | |
| c. Administrative Expenses to Budget | |
| d. Outstanding Invoices | |
| e. Penalty Waivers | |
| 12. KPPA Update | David Eager |
| 13. Adjourn* | |

**Board Action May Be Required*

**MINUTES OF MEETING
KENTUCKY PUBLIC PENSIONS AUTHORITY
SPECIAL CALLED MEETING APRIL 28, 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 Board of the Kentucky Public Pensions Authority held on April 28, 2021 the following members were present: Keith Peercy, Betty Pendergrass, Jerry Powell, Dr. Merl Hackbart, William O'Mara and Prewitt Lane. Staff members present were David Eager, Rebecca Adkins, Erin Surratt, Kathy Rupinen, Carrie Bass, Victoria Hale, Shaun Case, Phillip Cook, and Alane Foley.

Mr. Peercy called the meeting to order.

Ms. Alane Foley called roll and advised that no *Public Comment* was submitted.

Mr. Peercy introduced agenda item *Approval of Minutes – April 6, 2021*. Mr. Powell made a motion and Mr. Lane seconded to approve the minutes as presented. The motion passed unanimously.

Mr. Peercy introduced agenda item *KPPA Bylaws and Policies*. Ms. Kathy Rupinen provided an update of the amendments to the bylaws stating that the KPPA name has been added throughout and any reference to joint KPPA meetings had been removed. Ms. Pendergrass advised that CERS added a provision under their Executive Director duties to ensure that meeting notices and material are sent to the Trustees in a timely manner to allow time to review prior to meetings. In addition, on page three under Conflicts of Interest, it was suggested to add a provision that KPPA members file a copy of their Ethics Branch Disclosure with KPPA legal staff. Mr. Lane suggested updating the Ethics Statement to be more encompassing in the future, this discussion will take place at a future meeting. Ms. Pendergrass stated there was no guidance outlined for hiring an external auditor, Ms. Kathy Rupinen suggested that the CERS KRS Joint Audit Committee should make a statement that KPPA should be the entity obtaining the auditor. Ms. Rebecca Adkins advised there

is a new contract in place for an external auditor, Blue & Co., effective July 1, 2021. Ms. Pendergrass pointed out that the language in Section 1.3 XI and Section 1.4 III should be updated to state the KPPA shall approve the biennial administrative budget. Dr. Hackbart made a motion and Ms. Pendergrass seconded to approve the Bylaws subject to the insertion of the amendments listed above. The motion passed unanimously.

Ms. Kathy Rupinen advised the Per Diem Policy and Open Records Policy were provided in the material for review by the Board. Ms. Pendergrass made a motion and Mr. Lane seconded to approve the Per Diem Policy and Open Records Policy as presented. The motion passed unanimously.

Mr. Percy introduced agenda item *Trustee Litigation Policy*. Ms. Kathy Rupinen advised that the staff has received questions from Trustees on the various Boards regarding how exactly the provisions in KRS 61.645 and 78.782 providing for the reimbursement of Board Members and Officers of legal expenses resulting from litigation from their duties on the Board and how that process would work if it ever arose. Ms. Rupinen has been working with Mr. O'Mara on some potential language on how to clarify that and thinks it would be appropriate to start out with a policy that eventually leads to a regulation. Mr. O'Mara stated that pointing to KRS 61.645 and 78.782 doesn't address all issues related to the world we live in today, it only talks about what happens if a Trustee gets their own legal representation. He wants to clarify (not in conflict with the existing statute) other ways legal defense could be handled. KPPA can take the initiative to retain counsel on behalf of all Trustees or individually in the case of litigation through the Trustees' regular course of duties. After further discussion Mr. O'Mara read the motion: "So I make a motion that the KPPA effective today do the following, adopt a litigation defense policy for Trustees and employees of CERS, KERS and members of the KPPA that shall provide and pay for the defense of any trustee or employee who is named in any action arising out of an act or omission occurring within the scope of Trustees or employees duty as a member of one of those Boards and to pay any judgement , compromise or settlement of the action for such actions provided that the Trustee notifies in writing the KPPA within 10 days of receipt of service. The policy shall provide that the KPPA shall not pay a judgement or settlement or may recover payments made on behalf of a Trustee if it is determined through the course of litigation that the Trustee acted or failed to act

because of malice, fraud or corruption. The Trustees actions are clearly outside the actual or apparent scope of his duties as a Trustee. The Trustee willfully failed or refused to assist in the defense of the cause of action, or the Trustee compromised or settled the claim without the approval of the KPPA. If the Trustee obtains private counsel KRS 78.782 and KRS 61.645 shall apply. So instruct the staff of KPPA to develop and present a written policy consistent with the above that the KPPA may review and approve for adoption at its next regular meeting. So moved.” Ms. Pendergrass seconded the motion. Ms. Rupinen added two points; KERS should read KRS for Kentucky Retirement System and State Police Retirement System should be added. Additionally, we should indicate regular and special called meetings as all of our meetings are considered special called during the COVID pandemic. Mr. O’Mara had no problems with those changes. He also stated that he is trying to expand it to include KPPA employees wherever appropriate in the policy throughout. The motion was structured to be effective today and Mr. O’Mara asked that the motion in its entirety be included in the minutes of today’s meeting. Dr. Hackbart asked if this would be incorporated into the Bylaws. Ms. Rupinen advised that it was her understanding this would be a stand alone policy but Bylaws amendments could be made if that is what the Trustees request. Mr. Percy questioned whether we could add this to the administrative regulations. Ms. Rupinen deferred to Ms. Carrie Bass but advised that the legal staff could work on that and eventually if it is felt the actual statute needs to be expanded it could be placed on the housekeeping wishlist. Mr. Percy stated that adding former Trustees and employees to try to codify that in statutory language is important so that it isn’t left to interpretation. With no further discussion, the motion passed unanimously.

Ms. Pendergrass made a motion and Mr. O’Mara seconded to make similar language derived from this effort to the Bylaws which were just approved and include it in the edits requested of legal staff for those Bylaws amendments. The motion passed unanimously.

Mr. Percy introduced agenda item *Executive Director Contract Renewal*. Ms. Rupinen advised that the statutory references are incorrect and need to be amended. The contract would begin July 1, 2021 – June 30, 2022 with no change in salary. Mr. Lane made a motion and Mr. O’Mara seconded to approve the contract renewal for Mr. David Eager. The motion passed unanimously.

Mr. Peercy introduced agenda item Approval to Amend Administrative Regulation 105 KAR 1:270. Mr. Powell made a motion and Dr. Hackbart seconded to approve the amended regulation 105 KAR 1:270 as presented. The motion passed unanimously.

Mr. Peercy introduced agenda item KPPA Update. Mr. Eager thanked the Trustees for their time and dedication acknowledging that the schedule has been very demanding lately. KPPA is in the process of hiring an executive assistant to be a liaison between CERS and KRS Executive Directors and the KPPA staff. There are two open Trustee vacancies for KRS and one open Trustee vacancy for CERS. Committee assignments are nearly complete. One employer exited the system, NKU, opting for a lump sum and a soft freeze. Kentucky Housing Corporation has requested an application for exiting the system. Ms. Adkins spoke regarding House Bill 8, 47 quasi agencies have asked for their data and 19 requests have been completed. KPPA has received one appeal. The appeal deadline is July 1, 2021. Ms. Adkins also advised an external auditor has been selected as of July 1, 2021, Blue & Co. They completed the RFP process and interviewed with a selection committee.

Ms. Pendergrass made a motion and was seconded by Mr. Powell to adjourn the meeting, to meet again on September 15, 2021 or upon the call of the Chair of the Board. The motion passed unanimously.

Copies of all documents presented are incorporated as part of the Minutes of the KPPA Board held April 28, 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 Board on the various items considered by it at this meeting. Further, I certify that all requirements of KRS 61.805-61.850 were met in conjunction with this meeting.

Recording Secretary

We, the Chair of the Board of Kentucky Public Pensions Authority and Executive Director, do certify that the Minutes of Meeting held on April 28, 2021 were approved on May 26, 2021.

KPPA Board Chair

Executive Director

I have reviewed the Minutes of the April 28, 2021 Kentucky Public Pensions Authority Board Meeting for content, form, and legality.

Executive Director
Office of Legal Services

KRS 61.661

(1) (a) Each current, former, or retired member's account **shall be administered in a confidential manner**, and specific data regarding a current, former, or retired member shall not be released for publication, **except that**:

1. The member or recipient may authorize the release of his or her account information;
2. Kentucky Retirement Systems **may release account information to the employer** or to other state and federal agencies **as it deems necessary** or in response to a lawful subpoena or order issued by a court of law;

The Decision To-Date

- HB 8 says the liability amount is not appealable
- Member-specific liability has been requested by employers since the creation of the concept of voluntary employer cessation (2017)
- Prior to January 2021, no employers were given member-specific liability amounts
- Since January 2021, only those employers who are no longer eligible to cease participation were provided the liability numbers
- Employers often confused HB 8 liability with cessation liability and asked for HB 8 liability to help them decide to cease or not cease
- KPPA staff acknowledge that employers who cease could use member-specific liability to the detriment of the employee
- KPPA staff interpret KR 61.661 to indicate a responsibility to keep member account information private and to only release the information to employers based on necessity

Arguments Discussed at PPOB on May 24, 2021

From KPPA Staff

- KRS 61.661 says KPPA must keep member specific information confidential, unless it is deemed necessary
- HB 8 says the liability amount is not appealable, therefore it cannot be “deemed necessary” to provide the information to the employer
- An employer cannot verify the calculation based on comparing one employee’s liability to another similar employee
- Recognizing the importance of transparency and employers’ desire to know the liability, it is acceptable to provide the liability to those employers who are no longer eligible to cease participation and can therefore not use it to the detriment of the members. Lifeskills is eligible to cease participation.

From Lifeskills/Pennyroyal

- There are no plans to cease participation. If they were going to cease, they would have under HB 1
- There is a need to verify the calculation of the KPPA actuary
- There is a need to inform their Board of the amount of liability being appealed
- Transparency is paramount and it is good for these amounts to be public to provide “sunshine” on the calculation
- Must be able to verify the liability amounts that will be on their financial statements

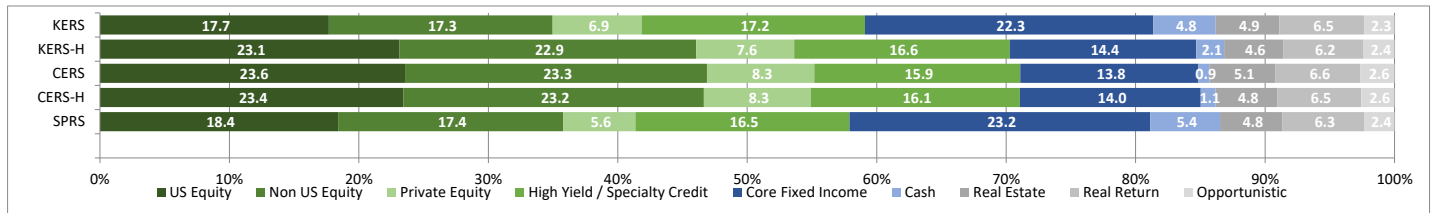
CERS Special Called Investment Committee Meeting - Investment Performance Review

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
TOTAL FUND	4/1/1984	14,845,454,693.81	100.00	1.93	3.80	18.44	29.02	8.52	9.61	7.47	6.64	9.13
KY Ret. Blended Index				1.48	2.83	17.38	28.57	7.98	9.25	7.40	6.62	9.19
GROWTH	7/1/2018	10,320,642,122.93	69.52	2.55	4.88	25.35	39.74					11.13
Growth Custom Benchmark				2.29	5.57	30.32	43.84					12.94
PUBLIC EQUITY	4/1/1984	6,619,150,685.74	44.59	2.58	5.47	32.24	59.44	12.10	13.47	9.20	7.10	10.77
Global Equity Blended Index				2.48	5.07	31.58	57.28	11.81	13.38	9.10	7.04	10.59
US PUBLIC	4/1/1984	3,368,632,302.72	22.69	3.78	7.45	34.33	63.72	16.50	15.99	13.13	8.66	11.73
KY Domestic Equity Blend				3.58	6.35	33.19	62.53	17.12	16.64	13.77	9.05	11.81
EQUITY NON US	7/1/2000	3,250,518,383.02	21.90	1.37	3.48	30.14	54.86	8.18	11.13	5.80	6.04	4.09
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
PRIVATE EQUITY	7/1/2002	1,155,001,941.18	7.78	4.54	5.97	21.62	14.34	11.74	12.12	12.62		11.27
Russell 3000 + 3%(Qtr Lag)				4.54	5.97	21.62	14.34	11.74	12.12	16.44		12.42
HIGH YIELD / SPECIALTY CREDIT	7/1/2017	2,546,489,496.01	17.15	1.60	2.89	12.06	13.42	5.73				6.13
High Yield Custom Benchmark				0.07	1.32	11.17	22.23	5.49				5.09
FIXED INCOME / LIQUIDITY	7/1/2018	2,549,258,201.90	17.17	-0.13	-0.18	2.25	6.43					4.62
Liquidity Custom Benchmark				-1.16	-3.14	-1.97	0.68					4.89
CORE FIXED INCOME	7/1/2013	2,263,311,450.14	15.25	-0.15	-0.21	2.55	8.01	4.99	3.44			3.57
Bloomberg Barclays US Aggregate				-1.25	-3.37	-2.12	0.71	4.65	3.10			3.28
CASH	1/1/1988	285,946,751.76	1.93	0.03	0.05	0.11	0.21	1.60	1.50	0.91	1.78	3.43
Citigroup Treasury Bill-3 Month				0.01	0.02	0.07	0.21	1.45	1.15	0.60	1.36	3.00
DIVERSIFYING STRATEGIES	7/1/2018	1,600,788,854.42	10.78	1.45	3.50	12.40	16.94					5.14
Diversifying Strategies Custom				0.75	1.63	4.78	5.83					4.59
REAL ESTATE	7/1/1984	589,400,001.67	3.97	0.32	1.64	4.99	4.78	8.65	9.33	9.28	7.26	6.29
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
REAL RETURN	7/1/2011	1,011,388,852.75	6.81	2.12	4.61	16.89	25.45	3.74	5.25			3.79
Pension Real Return Custom Benchmark				2.12	4.61	16.89	25.45	3.74	5.25			2.93
OPPORTUNISTIC	7/1/2018	375,449,617.00	2.53	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 - 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
KERS		2,706,296,495.32	100.00	1.59	3.21	16.40	26.47	8.23	8.98	7.18	6.49	9.05
KY Ret. KERS Plan Index				1.20	2.26	15.14	25.46	7.56	8.62	7.11	6.48	9.11
KERS- H		825,636,856.81	100.00	1.91	3.80	18.70	29.80	8.47	9.59	7.49	6.65	9.14
KY Ret. KERS Haz Plan Index				1.58	2.99	17.94	29.39	8.15	9.46	7.43	6.64	9.20
CERS		8,201,883,087.75	100.00	2.02	3.96	19.00	29.68	8.56	9.74	7.53	6.66	9.15
KY Ret. CERS Plan Index				1.58	2.99	17.94	29.39	8.15	9.48	7.43	6.64	9.20
CERS- H		2,780,134,312.48	100.00	2.02	3.93	18.96	29.59	8.52	9.70	7.52	6.66	9.14
KY Ret. CERS Haz Plan Index				1.58	2.99	17.94	29.39	8.15	9.47	7.43	6.64	9.20
SPRS		331,503,938.81	100.00	1.55	3.20	16.09	26.57	8.08	9.02	7.06	6.43	9.02
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.

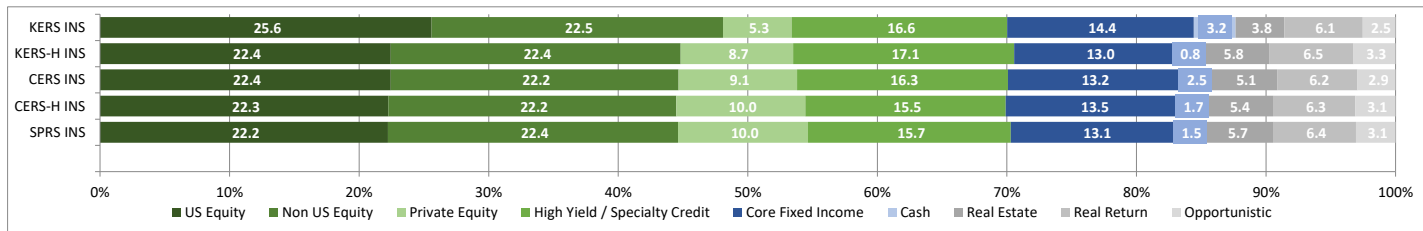
CERS Special Called Investment Committee Meeting - Investment Performance Review

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
TOTAL FUND	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
GROWTH	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
PUBLIC EQUITY	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
US PUBLIC	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
EQUITY NON US	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
PRIVATE EQUITY	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		16.42		11.92
HIGH YIELD / SPECIALTY CREDIT	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
FIXED INCOME / LIQUIDITY	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
CORE FIXED INCOME	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
CASH	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
DIVERSIFYING STRATEGIES	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
REAL ESTATE	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
REAL RETURN	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
OPPORTUNISTIC	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
KERS INS		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
KERS - H INS		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
CERS INS		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
CERS - H INS		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
SPRS INS		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.

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	TOTAL		Percentage of Change	Note
	Non-Hazardous	Hazardous	Non-Hazardous	Hazardous		2021	2020		
CASH AND SHORT-TERM INVESTMENTS									
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
Total Cash and Short-term Investments	249,265	92,910	221,856	38,156	27,596	629,783	899,304		
RECEIVABLES									
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
Total Receivables	220,079	76,636	119,779	21,896	18,569	456,959	446,393		
INVESTMENTS, AT FAIR VALUE									
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%	
Total Investments, at Fair Value	8,034,024	2,715,219	2,521,856	796,029	308,117	14,375,245	10,935,558		
Securities Lending Collateral Invested	225,107	76,321	74,334	22,636	9,130	407,528	468,013	-12.92%	12
CAPITAL/INTANGIBLE ASSETS									
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%	
Total Capital Assets	485	20	387	19	(14)	897	1,883		
Total Assets	8,728,959	2,961,106	2,938,212	878,737	363,398	15,870,411	12,751,150		
LIABILITIES									
Accounts Payable	3,231	645	1,347	129	204	5,557	6,330	-12.20%	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
Total Liabilities	481,716	164,107	182,220	48,866	21,601	898,510	834,827		
Total Fiduciary Net Position Restricted for Pension Benefits	\$8,247,243	\$2,796,999	\$2,755,992	\$829,870	\$341,797	\$14,971,901	\$11,916,323		

NOTE - Variance Explanation

- 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.

NOTE - Variance Explanation continued on next page.

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

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

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

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

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

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

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

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

Differences due to rounding.

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	KRS Total	KRS Total	Percentage
	Non-Hazardous	Hazardous	Non-Hazardous			2021	2020	of Change
								Note
ADDITIONS								
Member Contributions	\$119,386	\$46,908	\$66,917	\$15,120	\$3,593	\$251,923	\$268,296	-6.10%
Employer Contributions	338,586	129,460	719,188	46,847	44,853	1,278,934	1,324,146	-3.41%
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	(1)
Total Contributions	457,989	176,476	786,141	61,974	48,449	1,531,029	1,593,819	
INVESTMENT INCOME								
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%
Net Investment Income	1,323,177	446,648	379,901	129,744	46,045	2,325,514	(904,678)	
Total Additions	1,781,166	623,124	1,166,041	191,718	94,493	3,856,543	689,141	
DEDUCTIONS								
Benefit Payments	623,147	216,515	757,182	55,280	42,720	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	15,441	1,460	8,076	876	173	26,026	27,333	-4.78%
Total Deductions	649,465	221,814	772,280	59,213	43,089	1,745,860	1,707,151	
Net Increase (Decrease) in Fiduciary Net Position Restricted for Pension Benefits								
	1,131,702	401,310	393,762	132,505	51,405	2,110,683	(1,018,009)	
Total Fiduciary Net Position Restricted for Pension Benefits								
Beginning of Period	7,110,889	2,395,688	2,362,231	697,366	295,044	12,861,218	12,934,332	
End of Period	\$8,242,591	\$2,796,999	\$2,755,992	\$829,870	\$346,449	\$14,971,901	\$11,916,323	

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.

Combining Statement of Fiduciary Net Position - Insurance Fund

As of March 31, 2021, with Comparative Totals as of March 31, 2020 (\$ In Thousands)

	CERS	CERS	KERS	KERS	SPRS	KRS Total	KRS Total	Percentage of Change	Note
	Non-Hazardous	Hazardous	Non-Hazardous	Hazardous		2021	2020		
ASSETS									
CASH AND SHORT-TERM INVESTMENTS									
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%	
Total Cash and Short-term Investments	132,392	55,964	66,619	16,838	7,972	279,785	302,142		
RECEIVABLES									
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
Total Receivables	75,272	37,211	43,711	13,320	5,903	175,417	140,769		
INVESTMENTS, AT FAIR VALUE									
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%	
Total Investments, at Fair Value	2,863,469	1,487,535	1,177,592	585,700	228,005	6,342,301	4,794,506		
Securities Lending Collateral Invested	71,051	36,662	29,429	14,330	5,607	157,079	331,926	-52.68%	8
Total Assets	3,142,184	1,617,372	1,317,351	630,189	247,486	6,954,580	5,569,343		
LIABILITIES									
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
Total Liabilities	163,312	83,902	71,373	32,857	12,798	364,242	480,967		
Total Fiduciary Net Position Restricted for OPEB	\$2,978,872	\$1,533,470	\$1,245,978	\$597,331	\$234,688	\$6,590,339	\$5,088,376		

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	KRS Total	KRS Total	Percentage	
	Non-Hazardous	Hazardous	Non-Hazardous	Hazardous		2021	2020	of Change	Note
ADDITIONS									
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	-	-	-	-	-	-	-		
Total Contributions	123,645	50,017	140,723	3,075	7,942	325,402	301,722		
INVESTMENT INCOME									
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
Total Investing Activities Income	486,740	254,075	200,631	99,173	39,313	1,079,932	(380,100)	-384.12%	
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
Net Income from Investing Activities	465,364	242,230	193,945	94,708	37,496	1,033,744	(408,652)	-352.96%	
From Securities Lending Activities									
Securities Lending Income	139	70	60	27	10	307	2,259	-86.42%	
Less: Securities Lending Borrower Rebates	(89)	(46)	(40)	(18)	(7)	(199)	1,410	-114.11%	
Less: Securities Lending Agent Fees	34	17	15	7	3	76	114	-33.62%	
Net Income from Securities Lending	193	98	85	38	15	430	734	-41.41%	7
Net Investment Income	465,558	242,328	194,030	94,747	37,511	1,034,174	(407,918)		
Total Additions	589,203	292,346	334,753	97,821	45,453	1,359,576	(106,196)		
DEDUCTIONS									
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
Excise Tax Insurance	-	-	-	-	-	-	0	-100.00%	1
Total Deductions	108,382	64,008	95,272	15,229	11,011	293,903	286,067		
Net Increase (Decrease) in Fiduciary Net Position Restricted for OPEB	480,821	228,338	239,480	82,592	34,442	1,065,673	(392,263)		
Total Fiduciary Net Position Restricted for OPEB									
Beginning of Period	2,498,051	1,305,132	1,006,498	514,739	200,246	5,524,666	5,480,639		
End of Period	\$2,978,872	\$1,533,470	\$1,245,978	\$597,331	\$234,688	\$6,590,339	\$5,088,376		

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.

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 21

Acc't #	Account Name	Budgeted	Actual Expenditures	Remaining	% Remaining
PERSONNEL					
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%
141 LEGAL & AUDITING SERVICES					
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%
146 CONSULTING SERVICES					
146A	Medical Reviewers	273,865	163,241	110,624	40.39%
146E	Escrow for Actuary Fees	12,000	(10,000)	22,000	183.33%
150 CONTRACTUAL SERVICES					
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%
PERSONNEL SUBTOTAL		35,175,260	24,355,231	\$10,820,029	30.76%
OPERATIONAL					
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%
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%

**KPPA ADMINISTRATIVE BUDGET 2020-21
THIRD QUARTER BUDGET-TO-ACTUAL ANALYSIS**

Acc't #	Account Name	Budgeted	Actual Expenditures	Remaining	% Remaining
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	615	4,385	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%
	OPERATIONAL SUBTOTAL	\$13,712,940	\$3,378,722	\$10,334,218	75.36%
	TOTALS	\$48,888,200	\$27,733,952	\$21,154,248	43.23%

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	129.6	127.1
Net Investment Income	98.8	97.7	33.4	33.8
Total Inflows	556.8	569.2	209.9	209.6
Benefit Payments/Refunds	634.0	608.6	220.4	208.6
Administrative Expenses	15.4	16.2	1.5	1.4
Total Outflows	649.5	624.8	221.8	210.1
NET Contributions	(92.6)	(55.6)	(11.9)	(0.4)
Realized Gain/(Loss)	192.2	240.0	65.3	79.7
Unrealized Gain/(Loss)	1,032.2	(863.6)	348.0	(293.2)
Change in Net Position	1,131.7	(679.2)	401.3	(213.9)
Beginning of Period	7,110.9	7,243.0	2,395.7	2,429.6
End of Period	\$ 8,242.6	\$ 6,563.8	\$ 2,797.0	\$ 2,215.7

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
Total Inflows	154.9	137.5	65.5	63.2
Healthcare Premiums	107.7	103.5	63.7	61.1
Administrative Expenses	0.7	0.7	0.3	0.3
Total Outflows	108.4	104.1	64.0	61.4
NET Contributions	46.6	33.3	1.5	1.7
Realized Gain/(Loss)	66.9	73.4	35.1	40.0
Unrealized Gain/(Loss)	367.4	(289.7)	191.7	(151.5)
Change in Net Position	480.8	(183.0)	228.2	(109.8)
Beginning of Period	2,498.1	2,486.5	1,305.1	1,324.8
End of Period	\$2,978.9	\$2,303.5	\$1,533.4	\$1,215.0

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
Total Inflows	820.6	861.2	72.1	72.2	52.7	55.8
Benefit Payments/ Refund	764.2	759.4	58.3	56.4	42.9	46.8
Administrative Expenses	8.1	8.7	0.9	0.9	0.2	0.2
Total Outflows	772.3	768.0	59.2	57.3	43.1	47.0
NET Contributions	48.3	93.2	12.8	14.9	9.6	8.8
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)
Change in Net Position	393.8	(65.2)	132.5	(47.1)	51.4	(12.5)
Beginning of Period	2,362.2	2,286.6	697.4	687.9	295.0	287.2
End of Period	\$2,756.0	\$2,221.4	\$829.9	\$640.7	\$346.4	\$274.7

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)

	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
Total Inflows	154.8	150.3	9.4	12.1	10.3	12.7
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	-
Total Outflows	95.3	95.0	15.2	14.8	11.0	10.6
NET Contributions	59.5	55.3	(5.8)	(2.8)	(0.8)	2.1
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)
Change in Net Position	239.5	(36.9)	82.6	(48.2)	34.4	(14.2)
Beginning of Period	1,006.5	942.1	514.7	527.1	200.2	200.1
End of Period	\$1,246.0	\$905.2	\$597.3	\$478.9	\$234.7	\$185.9

Differences 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%
Total	\$ 373,811	\$ 515,496	-27%
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%
Total	\$ 15,664,294	\$ 15,478,152	1%
Grand Total	\$ 16,038,105	\$ 15,993,648	0%

*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
Total	\$10,000							10
\$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	
\$1,000	\$1,000	\$-	3/26/2021	4/25/2021	CRTD	Master Commissioner	KERS	
Total	\$16,000							16

KPPA Board Meeting - May 26, 2021 - Quarterly Financial Reports

\$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
Total	\$11,000						11

Notes:

Invoice CANC -

Status: Cancelled

CRTD -

Created

PAID - Paid



Commonwealth of Kentucky

CONTRACT MODIFICATION

DOC ID NUMBER:
 PON2 100 2100001732 **Version:** 2 **Record Date:** 04/30/21

Document Description: Auditing Services for KY Public Pensions Authority

Cited Authority: FAP111-43-00-STD
 Personal Services Contracts-Standard

Reason for Modification: ADMINISTRATIVE MODIFICATION 1
 4-30-2021
 Original contract amount: \$118,350.00
 Increase/Decrease: \$0
 New Contract Amount: \$118,350.00

This administrative modification corrects the contract start date from July 1 to May 14th to allow the vendor to begin essential auditing services work in order to meet required deadlines as detailed in the contract terms. There are no revisions to the contract amount or the services being provided.

Issuer Contact:

Name: Cassandra Weiss
Phone: 502-696-8451
E-mail: Cassandra.Weiss@kyret.ky.gov

Vendor Name: BLUE & CO LLC	Vendor No. KY0035351	Vendor Contact Name: ALLEN NORVELL Phone: 859-253-1100 Email: ANORVELL@BLUEANDCO.COM
250 WEST MAIN STREET SUITE 2900 LEXINGTON KY 40507		

Effective From: 2021-05-14 **Effective To:** 2022-06-30

Line Item	Delivery Date	Quantity	Unit	Description	Unit Price	Contract Amount	Total Price
1		0.00000		Auditing Services for KPPA	\$0.000000	\$118,350.00	\$118,350.00

Extended Description:
 Blue and Company will provide auditing services for all Financial aspects of the Systems administered by Kentucky Public Pensions Authority as required per KRS 61.645 and detailed in the terms and conditions.

This contract was awarded from RFP 100 2000000512. This is the initial contract term for this agreement.

WHD ticket 28149

Shipping Information:	Billing Information:
	Kentucky Public Pensions Authority (KPPA)

	1260 Louisville Road Frankfort KY 40601
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TOTAL CONTRACT AMOUNT:	\$118,350.00
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PERSONAL SERVICE CONTRACT FOR

Auditing Services

BETWEEN

THE COMMONWEALTH OF KENTUCKY

Kentucky Public Pensions Authority

AND

Blue and Company
250 West Main Street, Suite 2900
Lexington KY 40507

This Personal Service Contract (PSC) is entered into, by and between the Commonwealth of Kentucky, Kentucky Public Pensions Authority (KPPA; Authority) (“the Commonwealth”) and Blue and Company (“the Contractor”) to establish a contract for Auditing Services. The initial PSC is effective from ~~July 1, 2021~~ **May 14th, 2021** through June 30, 2022.

Per the solicitation, the Commonwealth reserves the right to renew this contract for up to two (2) additional two-year periods.

RFP 100 2100000538

INITIAL CONTRACT: PON2 100 2100001732 – ~~07/01/21-5/14/21~~-6/30/22

The Commonwealth and Contractor agree to the following:

I. Scope of Contract

The vendor, Blue and Company, shall provide auditing services with limited consulting services to assist in the reviewing and suggesting of improvements for the following accounting procedures for KPPA in the event that the Auditor of Public Accounts (APA) is unable to provide these services. Services shall include, but not be limited to, the following:

- 1.—Provide auditing service related to meeting the requirements of Governmental Accounting Standards Board (GASB) as requested by the Authority.
- 2.—Provide the Authority with limited consulting services related processes and procedures for the following matters:
 - a.—Retiree payroll
 - b.—Review of investment fees on a monthly basis

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- c.—Receipt and qualification of contributions, and:
- d.—Amount of funds retained at the depository bank on a daily basis.

In the course of performing these services, representatives of the vendor will be expected to meet with employees of the Authority designated by the Authority to determine the flow of accounting information and controls that are currently in place to determine their effectiveness.

Findings shall be presented in writing to the following for review, or their comparable professional positions subject to the anticipated restructuring per the requirements of HB 484. These findings shall be submitted in writing and in person at the discretion of the Executive Director.

- a. Executive Director(s) of the Authority,
- b. Executive Director of the Office of Operations,
- c. Director of Internal Audit, and
- d. Chair of the Audit Committee

3.—The vendor may be asked to provide a controlled audit at the System’s discretion with the hourly rate no more than that set forth in the vendor’s cost proposal.

The initial draft of the audit report should be submitted by October 15th of each year.

Once finalized, the Audit Report shall be presented in-person to the Audit Committee of the Board in late November and to the full Board to ensure a complete understanding of the process and any findings. Note that under HB 484, there may be multiple Audit Committees and multiple Boards. The Audit Report would need to be presented to all Audit Committees and all Board and these may not be able to be completed on the same day. Meetings of the committees and boards are held in Frankfort, Kentucky.

The Authority may evaluate the accuracy and results of all services performed and will make every effort to ensure the accuracy of information submitted to the vendor for the purposes of providing these services.

Relationship of the Parties. Contractor warrants that all work performed by Contractor under this Contract is and shall be performed as an independent contractor. Contractor shall be responsible for compliance with all laws, rules and regulations by its respective employees, including, but not limited to, employment of labor, hours of labor, health and safety, working conditions, worker’s compensation insurance, and payment of wages. This Contract shall not be construed so as to create a partnership or joint venture between Contractor and Kentucky Public Pensions Authority.

Amendments and Renewal. Written modifications, amendments or additions to this Contract shall be effective only when signed by both parties.

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Notices of Material Changes. Contractor shall notify the Board of Trustees in writing within five (5) business days of any material changes in senior officers, significant legal actions instituted against Contractor, or any investigations, examinations, or other proceedings commenced by any governmental agency including but not limited to investigations by any bar association. Notices required in this Section shall be served on Kentucky Public Pensions Authority by registered or certified mail.

Assignment. This contract may not be assigned by Contractor without the written consent of Kentucky Public Pensions Authority. Further, the obligations of Contractor under this contract shall be considered personal obligations of Contractor, performable solely by Contractor and Contractor may not delegate its duties hereunder to any entity other than an employee of Contractor without the express written consent of Kentucky Public Pensions Authority. Kentucky Public Pensions Authority, upon its determination of need for certain distinctive services related to any legal matter or business operations matter, and by providing written authorization to Contractor, may authorize Contractor to obtain services from legal or non-legal professionals to satisfy the Kentucky Public Pensions Authority’s need for such distinctive services.

Controlling Law; Jurisdiction and Venue; Waiver. All questions as to the execution, validity, interpretation, construction, and performance of this agreement shall be construed in accordance with the laws of the Commonwealth of Kentucky, without regard to conflict of laws principles thereof. Contractor hereby consents to the jurisdiction of the courts of the Commonwealth of Kentucky and further consents that venue shall lie in the Franklin Circuit Court located in Franklin County, Kentucky. To the extent that in any jurisdiction Contractor may now or hereafter be entitled to claim for itself or its assets immunity from suit, execution, attachment (before or after judgment) or other legal process, Contractor, to the extent it may effectively do so, irrevocably agrees not to claim, and it hereby waives, same.

Access to Confidential Data. The Contractor shall comply with the Kentucky Public Pensions Authority’ Conflict of Interest and Confidentiality Policy. The Contractor’s employees, agents and subcontractors may have access to confidential data maintained by the Kentucky Public Pensions Authority to the extent necessary to carry out its responsibilities under the Contract. The Contractor shall presume that all information received pursuant to this Contract is confidential and subject to the provisions of KRS 61.661 unless otherwise designated by Kentucky Public Pensions Authority. The Contractor shall provide to the Kentucky Public Pensions Authority a written description of its policies and procedures to safeguard confidential information. The Contractor shall provide Kentucky Public Pensions Authority updates or changes to these policies in a timely manner. Policies of confidentiality shall address, as appropriate, information conveyed in verbal, written, and electronic formats. The Contractor shall provide physical and logical protection for all Kentucky Public Pensions Authority written and electronic data. Electronic data shall be encrypted during transport and at rest utilizing Kentucky Public Pensions Authority policy standards. The Contractor is responsible for ensuring that they have reviewed all policies and policy updates. The Contractor shall remain the responsible authority in charge of all data collected, used, or disseminated by the Contractor in connection with the performance of the Contract. The Contractor shall provide adequate supervision and training to its agents, employees and subcontractors to ensure compliance with the terms of this Contract. The private or confidential data shall remain the property of the Kentucky Public Pensions Authority at all times.

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In the event there is a conflict between KRS 61.661 and any of the terms and conditions under Section 16.00 of this Contract, KRS 61.661 will control.

No Dissemination of Confidential Data. No confidential data collected, maintained, or used in the course of performance of the Contract shall be disseminated except as authorized by law and with the written consent of the Kentucky Public Pensions Authority either during the period of the Contract or thereafter. Any data supplied to or created by the Contractor shall be considered the property of the Kentucky Public Pensions Authority. The Contractor must return any and all data collected, maintained, created or used in the course of the performance of the Contract in whatever form it is maintained promptly at the request of the Kentucky Public Pensions Authority.

Subpoena. In the event that a subpoena or other legal process is served upon the Contractor for records containing confidential information, the Contractor shall promptly notify the Kentucky Public Pensions Authority and cooperate with the Kentucky Public Pensions Authority in any lawful effort to protect the confidential information.

Reporting of Unauthorized Disclosure. The Contractor shall immediately report to the Kentucky Public Pensions Authority any unauthorized disclosure of confidential information. Kentucky Public Pensions Authority will manage the disclosure in accordance with our established policies. The Contractor, at the sole discretion of Kentucky Public Pensions Authority, shall provide no cost credit monitoring services for Kentucky Public Pensions Authority' members that are deemed to be part of a potential disclosure. The Contractor shall bear the cost of notification to Kentucky Public Pensions Authority' members that are involved in a potential disclosure event, including individual letters and/or public notice.

Survives Termination. The Contractor's obligation under this Section regarding the security, confidentiality, and ownership of data as set forth in this section shall survive termination of this Contract.

Severability. The provisions of this Contract shall be deemed severable, and the unenforceability of any one or more provisions shall not affect the enforceability of any of the other provisions. In addition, if any provision of this Contract, for any reason, is declared to be unenforceable, the parties shall substitute an enforceable provision that, to the maximum extent possible in accordance with applicable law, preserves the original intentions and economic positions of the parties.

II. Contract Components and Order of Precedence

The Commonwealth's acceptance of the Contractor's offer in response to the Solicitation, indicated by the issuance of a Contract Award shall create a valid contract between the Parties consisting of the following:

1. Procurement Statutes, Regulations and Policies
2. Any written Agreement between the Parties.
3. Any Addenda to the Solicitation.

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4. The Solicitation and all attachments
5. Any Best and Final Offer.
6. Any clarifications concerning the Contractor's proposal in response to the Solicitation.
7. The Contractor's proposal in response to the Solicitation.

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

III. Negotiated Items

Not applicable

IV. Pricing

Hourly rates shall be paid in accordance with the cost proposal provided by the vendor. Hourly rates are as follows:

Partners: \$ 210
 Senior Managers: \$165
 Supervisory Staff: \$125
 Other staff: \$100.

The contract amount will not exceed the total cost of \$118,350.00

V. Invoicing

The Contractor should submit invoices setting forth the hours worked and the expenses for which reimbursement is sought on a monthly basis. The vendor must submit all documentation with the required Personal Service Contract invoice form in accordance with KRS 45a.

The Kentucky Public Pensions Authority may reimburse the Contractor for travel expenses in accordance with the state regulations established by the Finance and Administration Cabinet and in compliance with Kentucky Revised Statutes and Kentucky Administrative Regulations upon receipt of approved documentation.

In accordance with the Legislative Research Commission, Government Contract Review Policy statement #98-1, Contractor shall not be permitted to bill for the hourly rate while being reimbursed for travel expenses.

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**Personal Service Contract Standard Terms and Conditions
Revised January 2020**

Whereas, the first party, the state agency, has concluded that either state personnel are not available to perform said function, or it would not be feasible to utilize state personnel to perform said function; and **Whereas**, the second party, the Contractor, is available and qualified to perform such function; and **Whereas**, for the abovementioned reasons, the state agency desires to avail itself of the services of the second party;

NOW THEREFORE, the following terms and conditions are applicable to this contract:

1.00 Effective Date:

This contract is not effective until the Secretary of the Finance and Administration Cabinet or his authorized designee has approved the contract and until the contract has been submitted to the Legislative Research Commission, Government Contract Review Committee ("LRC"). However, in accordance with KRS 45A.700, contracts in aggregate amounts of \$10,000 or less are exempt from review by the committee and need only be filed with the committee within 30 days of their effective date for informational purposes.

KRS 45A.695(7) provides that payments on personal service contracts and memoranda of agreement shall not be authorized for services rendered after government contract review committee disapproval, unless the decision of the committee is overridden by the Secretary of the Finance and Administration Cabinet or agency head, if the agency has been granted delegation authority by the Secretary.

2.00 Renewals:

Upon expiration of the initial term, the contract may be renewed in accordance with the terms and conditions in the original solicitation. Renewal shall be subject to prior approval from the Secretary of the Finance and Administration Cabinet or his authorized designee and the LRC Government Contract Review Committee in accordance with KRS 45A.695 and KRS 45A.705, and contingent upon available funding.

3.00 LRC Policies:

Pursuant to KRS 45A.725, LRC has established policies which govern rates payable for certain professional services. These are located on the LRC webpage <https://apps.legislature.ky.gov/moreinfo/Contracts/homepage.html> and would impact any contract established under KRS 45A.690 et seq., where applicable.

4.00 Choice of Law and Forum:

This contract shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky. Any action brought against the Commonwealth on the contract, including but not limited to actions either for breach of contract or for enforcement of the contract, shall be brought in Franklin Circuit Court, Franklin County, Kentucky in accordance with KRS 45A.245.

5.00 EEO Requirements:

The Equal Employment Opportunity Act of 1978 applies to All State government projects with an estimated value exceeding \$500,000. The contractor shall comply with all terms and conditions of the Act.

6.00 Cancellation:

The Commonwealth shall have the right to terminate and cancel this contract at any time not to exceed thirty (30) days' written notice served on the Contractor by registered or certified mail.

7.00 Funding Out Provision:

The state agency may terminate this contract if funds are not appropriated to the contracting agency or are not otherwise available for the purpose of making payments without incurring any obligation for payment after the date of termination, regardless of the terms of the contract. The state agency shall provide the Contractor thirty (30) calendar days' written notice of termination of the contract due to lack of available funding.

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8.00 Reduction in Contract Worker Hours:

The Kentucky General Assembly may allow for a reduction in contract worker hours in conjunction with a budget balancing measure for some professional and non-professional service contracts. If under such authority the agency is required by Executive Order or otherwise to reduce contract hours, the agreement will be reduced by the amount specified in that document. If the contract funding is reduced, then the scope of work related to the contract may also be reduced commensurate with the reduction in funding. This reduction of the scope shall be agreeable to both parties and shall not be considered a breach of contract.

9.00 Authorized to do Business in Kentucky:

The Contractor affirms that it is properly authorized under the laws of the Commonwealth of Kentucky to conduct business in this state and will remain in good standing to do business in the Commonwealth of Kentucky for the duration of any contract awarded.

The Contractor shall maintain certification of authority to conduct business in the Commonwealth of Kentucky during the term of this contract. Such registration is obtained from the Secretary of State, who will also provide the certification thereof.

Registration with the Secretary of State by a Foreign Entity:

Pursuant to KRS 45A.480(1)(b), an agency, department, office, or political subdivision of the Commonwealth of Kentucky shall not award a state contract to a person that is a foreign entity required by KRS 14A.9-010 to obtain a certificate of authority to transact business in the Commonwealth ("certificate") from the Secretary of State under KRS 14A.9-030 unless the person produces the certificate within fourteen (14) days of the bid or proposal opening. Therefore, foreign entities should submit a copy of their certificate with their solicitation response. If the foreign entity is not required to obtain a certificate as provided in KRS 14A.9-010, the foreign entity should identify the applicable exception in its solicitation response. Foreign entity is defined within KRS 14A.1-070.

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For all foreign entities required to obtain a certificate of authority to transact business in the Commonwealth, if a copy of the certificate is not received by the contracting agency within the time frame identified above, the foreign entity's solicitation response shall be deemed non-responsive or the awarded contract shall be cancelled.

Businesses can register with the Secretary of State at <https://onestop.ky.gov/Pages/default.aspx>

10.00 Invoices for fees:

The Contractor shall maintain supporting documents to substantiate invoices and shall furnish same if required by state government. The invoice must conform to the method described in Section V of this contract.

Pursuant to KRS 45A.695, no payment shall be made on any personal service contract unless the individual, firm, partnership, or corporation awarded the personal service contract submits its invoice for payment on a form established by the committee.

*Invoice form is available on the Legislative Research Commission, Government Contract Review Committee website: <https://apps.legislature.ky.gov/moreinfo/Contracts/homepage.html>

11.00 Travel expenses, if authorized:

The Contractor shall be paid for no travel expenses unless and except as specifically authorized by the specifications of this contract or authorized in advance and in writing by the Commonwealth. The Contractor shall maintain supporting documents that substantiate every claim for expenses and shall furnish same if requested by the Commonwealth.

12.00 Other expenses, if authorized herein:

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The Contractor shall be reimbursed for no other expenses of any kind, unless and except as specifically authorized within the specifications of this contract or authorized in advance and in writing by the Commonwealth.

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

13.00 Purchasing and specifications:

The Contractor certifies that he/she will not attempt in any manner to influence any specifications to be restrictive in any way or respect nor will he/she attempt in any way to influence any purchasing of services, commodities or equipment by the Commonwealth of Kentucky. For the purpose of this paragraph and the following paragraph that pertains to conflict-of interest laws and principles, "he/she" is construed to mean "they" if more than one person is involved and if a firm, partnership, corporation, or other organization is involved, then "he/she" is construed to mean any person with an interest therein.

14.00 Conflict-of-interest laws and principles:

The Contractor certifies that he/she is legally entitled to enter into this contract with the Commonwealth of Kentucky, and by holding and performing this contract, he/she will not be violating either any conflict of interest statute (KRS 45A.330-45A.340, 45A.990, 164.390), or KRS 11A.040 of the executive branch code of ethics, relating to the employment of former public servants.

15.00 Campaign finance:

The Contractor certifies that neither he/she nor any member of his/her immediate family having an interest of 10% or more in any business entity involved in the performance of this contract, has contributed more than the amount specified in KRS 121.056(2), to the campaign of the gubernatorial candidate elected at the election last preceding the date of this contract. The Contractor further swears under the penalty of perjury, as provided by KRS 523.020, that neither he/she nor the company which he/she represents, has knowingly violated any provisions of the campaign finance laws of the Commonwealth, and that the award of a contract to him/her or the company which he/she represents will not violate any provisions of the campaign finance laws of the Commonwealth.

16.00 Access to Records:

The state agency certifies that it is in compliance with the provisions of KRS 45A.695, "Access to contractor's books, documents, papers, records, or other evidence directly pertinent to the contract." The Contractor, as defined in KRS 45A.030, agrees that the contracting agency, the Finance and Administration Cabinet, the Auditor of Public Accounts, and the Legislative Research Commission, or their duly authorized representatives, shall have access to any books, documents, papers, records, or other evidence, which are directly pertinent to this agreement for the purpose of financial audit or program review. The Contractor also recognizes that any books, documents, papers, records, or other evidence, received during a financial audit or program review shall be subject to the Kentucky Open Records Act, KRS 61.870 to 61.884. Records and other prequalification information confidentially disclosed as part of the bid process shall not be deemed as directly pertinent to the agreement and shall be exempt from disclosure as provided in KRS 61.878(1)(c).

17.00 Protest:

Pursuant to KRS 45A.285, the Secretary of the Finance and Administration Cabinet, or his designee, shall have authority to determine protests and other controversies of actual or prospective vendors in connection with the solicitation or selection for award of a contract.

Any actual or prospective vendor, who is aggrieved in connection with the solicitation or selection for award of a contract, may file protest with the Secretary of the Finance and Administration Cabinet. A protest or notice of other controversy must be filed promptly and, in any event, within two (2) calendar weeks after

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such aggrieved person knows or should have known of the facts giving rise thereto. All protests or notices of other controversies must be in writing and shall be addressed to:

Holly M. Johnson, Secretary
 Commonwealth of Kentucky
 Finance and Administration Cabinet
 Room 383, New Capitol Annex
 702 Capitol Avenue
 Frankfort, KY 40601

The Secretary of Finance and Administration Cabinet shall promptly issue a decision in writing. A copy of that decision shall be mailed or otherwise furnished to the aggrieved party and shall state the reasons for the action taken.

The decision by the Secretary of the Finance and Administration Cabinet shall be final and conclusive.

18.00 Social security: (check one)

_____ The parties are cognizant that the state is not liable for social security contributions, pursuant to 42 U.S. Code, section 418, relative to the compensation of the second party for this contract.

_____ The parties are cognizant that the state is liable for social security contributions, pursuant to 42 U.S. Code, section 418, relative to the compensation of the second party for this contract.

19.00 Violation of tax and employment laws:

KRS 45A.485 requires the Contractor and all subcontractors performing work under the contract to reveal to the Commonwealth, prior to the award of a contract, any final determination of a violation by the Contractor within the previous five (5) year period of the provisions of KRS chapters 136, 139, 141, 337, 338, 341, and 342. These statutes relate to corporate and utility tax, sales and use tax, income tax, wages and hours laws, occupational safety and health laws, unemployment insurance laws, and workers compensation insurance laws, respectively

To comply with the provisions of KRS 45A.485, the Contractor and all subcontractors performing work under the contract shall report any such final determination(s) of violation(s) to the Commonwealth by providing the following information regarding the final determination(s): the KRS violated, the date of the final determination, and the state agency which issued the final determination.

KRS 45A.485 also provides that, for the duration of any contract, the Contractor and all subcontractors performing work under the contract shall be in continuous compliance with the provisions of those statutes, which apply to their operations, and that their failure to reveal a final determination, as described above, or failure to comply with the above statutes for the duration of the contract, shall be grounds for the Commonwealth's cancellation of the contract and their disqualification from eligibility for future state contracts for a period of two (2) years.

Contractor must check one:

_____ The Contractor has not violated any of the provisions of the above statutes within the previous five (5) year period.

_____ The Contractor has violated the provisions of one or more of the above statutes within the previous five (5) year period and has revealed such final determination(s) of violation(s). Attached is a list of such determination(s), which includes the KRS violated, the date of the final determination, and the state agency which issued the final determination.

20.00 Discrimination:

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This section applies only to contracts disbursing federal funds, in whole or part, when the terms for receiving those funds mandate its inclusion. Discrimination (because of race, religion, color, national origin, sex, sexual orientation, gender identity, age, or disability) is prohibited. During the performance of this contract, the Contractor agrees as follows:

The Contractor will not discriminate against any employee or applicant for employment because of race, religion, color, national origin, sex, sexual orientation, gender identity or age. The Contractor further agrees to comply with the provisions of the Americans with Disabilities Act (ADA), Public Law 101-336, and applicable federal regulations relating thereto prohibiting discrimination against otherwise qualified disabled individuals under any program or activity. The Contractor agrees to provide, upon request, needed reasonable accommodations. The Contractor will take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to their race, religion, color, national origin, sex, sexual orientation, gender identity, age or disability. Such action shall include, but not be limited to the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensations; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this non-discrimination clause.

In all solicitations or advertisements for employees placed by or on behalf of the Contractor, the Contractor will state that all qualified applicants will receive consideration for employment without regard to race, religion, color, national origin, sex, sexual orientation, gender identity, age or disability.

The Contractor will send to each labor union or representative of workers with which he/she has a collective bargaining agreement or other contract or understanding a notice advising the said labor union or workers' representative of the Contractor's commitments under this section and shall post copies of the notice in conspicuous places available to employees and applicants for employment. The Contractor will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions, including sanctions for noncompliance.

The Contractor will comply with all provisions of Executive Order No. 11246 of September 24, 1965, as amended, and of the rules, regulations and relevant orders of the Secretary of Labor.

The Contractor will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, as amended, and by the rules, regulations and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his/her books, records and accounts by the administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.

In the event of the Contractor's noncompliance with the nondiscrimination clauses of this contract or with any of the said rules, regulations or orders, this contract may be cancelled, terminated or suspended in whole or in part, and the Contractor may be declared ineligible for further government contracts or federally-assisted construction contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, as amended, and such other sanctions that may be imposed and remedies invoked as provided in or as otherwise provided by law.

The Contractor will include the provisions of paragraphs (1) through (7) of section 202 of Executive Order 11246 in every subcontract or purchase order unless exempted by rules, regulations or orders of the Secretary of Labor, issued pursuant to section 204 of Executive Order No. 11246 of September 24, 1965, as amended, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions including sanctions for noncompliance; provided, however, that in the event a Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the agency, the Contractor may request the United States to enter into such litigation to protect the interests of the United States.

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Approvals

This contract is subject to the terms and conditions stated herein. By affixing signatures below, the parties verify that they are authorized to enter into this contract and that they accept and consent to be bound by the terms and conditions stated herein. In addition, the parties agree that (i) electronic approvals may serve as electronic signatures, and (ii) this contract may be executed in any number of counterparts, each of which when executed and delivered shall constitute a duplicate original, but all counterparts together shall constitute a single contract.

1st Party (KRS):

_____	_____
Signature	Title
_____	_____
Printed Name	Date

2nd Party (Vendor)

_____	_____
Signature	Title
_____	_____
Printed Name	Date

Other Party:

_____	_____
Signature	Title
_____	_____
Printed Name	Date

Approved as to form and legality:

Attorney



Commonwealth of Kentucky CONTRACT

DOC ID NUMBER:			
PON2	100	2100001916	Version: 1
			Record Date: 05/21/21

Document Description: Actuarial Consulting Services Gabriel Roeder Smith & Company

Cited Authority: FAP111-43-00-STD
Personal Services Contracts-Standard

Reason for Modification:

Issuer Contact:

Name: Cassandra Weiss
Phone: 502-696-8451
E-mail: Cassandra.Weiss@kyret.ky.gov

Vendor Name: GABRIEL ROEDER SMITH & COMPANY	Vendor No.: KY0036702
ONE TOWN SQUARE	Vendor Contact
SUITE 800	Name: MICHELLE SEYMOUR
SOUTHFIELD MI 48076	Phone: 248-799-9000
	Email: MICHELLE.SEYMOUR@GRSCONSULTING.COM

Effective From: 2021-07-01 **Effective To:** 2022-06-30

Line Item	Delivery Date	Quantity	Unit	Description	Unit Price	Contract Amount	Total Price
1		0.00000		FY22 Actuarial Services for KY Public Pensions Authority	\$0.000000	\$700,000.00	\$700,000.00

Extended Description:

Gabriel Roeder Smith & Company will provide Kentucky Public Pensions Authority with Actuarial Consulting Services. The actuary valuation services include performing annual actuarial valuations of assets & liabilities of the Authority; annual actuarial investigations; annual summary of the annual actuarial valuation for reproduction in the Comprehensive Annual Financial Report (CAFR); annual preparation of the Governmental Accounting Standards Board (GASB) reports as detailed in the terms and conditions. This contract was awarded through a competitive RFP prior to the Authority (formerly KY Retirement Systems) being subject to the provisions of KRS 45a. Per the terms of the solicitation, this agreement may be renewed for three additional one year periods. This agreement exercises the third renewal period per the terms of the solicitation.
WHD Ticket 29661

Shipping Information:	Billing Information:
	Kentucky Public Pensions Authority (KPPA) 1260 Louisville Road Frankfort KY 40601

TOTAL CONTRACT AMOUNT:	\$700,000.00
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PERSONAL SERVICE CONTRACT FOR
 ACTUARIAL CONSULTING SERVICES
 BETWEEN
 THE COMMONWEALTH OF KENTUCKY
 KENTUCKY PUBLIC PENSIONS AUTHORITY
 AND
 GABRIEL ROEDER SMITH & COMPANY
 5605 North MacArthur Blvd., Suite 870
 Irving, TX 75038

This Personal Service Contract (PSC) was entered into, by and between the Commonwealth of Kentucky, Kentucky Public Pensions Authority (“the Commonwealth” “the Authority”) and Gabriel Roeder Smith & Company (“the Contractor”) to establish a contract for actuarial consulting services. The PSC established per KRS 45a was effective from July 1, 2018 through June 30, 2020 and was the first renewal of the contract. A second renewal was executed to be effective July 1 2020 through June 30, 2021 (PON2 100 2000001307)

This PSC is effective from July 1, 2021 through June 30, 2022.

Per the solicitation, the Commonwealth reserves the right to renew this Contract for up to three (3) additional one-year periods. This agreement constitutes the final of the three renewal options. The initial solicitation was issued prior to the passage of 2017’s Senate Bill 2, which made Kentucky Public Pensions Authority (formerly Kentucky Retirement Systems) subject to the provisions of KRS 45a. The initial PSC was established in 2017 as a three year agreement. Due to the biennium restrictions, the contract established in the state’s procurement system was generated for two years after the initial contract was created.

For the purpose of this Contract, the following terms may be used interchangeably:

Vendor, Contractor, Actuary;
 Commonwealth of Kentucky, Commonwealth, State, Kentucky Public Pensions Authority, Authority or Agency

The Commonwealth and Contractor agree to the following:

I. Scope of Contract

DEFINITIONS.

“Actuary” means the legal entity known as Gabriel Roeder Smith & Company, and its officers, employees and agents.

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“Authority” means Kentucky Public Pensions Authority

“CERS” means County Employees Retirement Systems

“Consulting Actuaries” means the Primary Actuary and all Secondary Actuaries assigned to and providing services directly to the Authority under this Contract.

“Contract” means the negotiated Contract, the terms and conditions of the RFP, the Actuary’s proposal made in response to the RFP, and any written clarifications or changes made in accordance with the provisions herein.

“KERS” means Kentucky Employees Retirement Systems

“KPPA” means Kentucky Public Pensions Authority

“Primary Actuary” means the lead and most senior Actuary assigned to and providing services directly to the Authority

“Secondary Actuary” means the less senior Actuary(ies) that will support the Primary Actuary in providing direct services to the Authority.

“SPRS” means State Police Retirement System

DELIVERABLES.

Actuary Assurances and Warranties: All services will be performed for the Authority in accordance with, but not limited to, generally recognized and accepted principles and practices which are consistent with the principles prescribed by the Actuarial Standards Board and the Code of Professional Conduct and Qualification Standards for Public Statements of Actuarial Opinion of the American Academy of Actuaries. The Actuary shall perform its services with the judgement, care, skill, prudence, and diligence which persons of prudence, discretion, and intelligence acting in a like capacity and familiar with such matters would use in performing like services relative to the conduct of the enterprise of like character and with like aims.

Reports and Presentations: The Actuary shall provide as many copies of the reports as are reasonably requested by the Authority. Reports may include both written reports and oral presentations to the KPPA Board, the CERS Board, the KRS Board, the Kentucky Public Pensions Authority staff, legislative committees, or other relevant parties as requested from time to time.

The Actuary shall be responsible for the following deliverables as they are required by the Authority and such other deliverables as may be mutually agreed upon in writing between the Actuary and the Authority:

General Duties:

Load and reconcile Authority’s data. Kentucky Public Pensions Authority will furnish the Consulting Actuaries with all data and statistical information necessary to perform the specified Contract services, provided the data is available in the Authority records and files. Data will be provided in a form agreed upon by the Authority and the Consulting Actuaries.

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Treat all member information as confidential. The Consulting Actuaries are expected to comply with Kentucky Revised Statute 61.661 regarding the confidentiality of member and annuitant information.

Seek written consent prior to public release of information resulting from the engagement. With respect to any publicity given to the actuarial services provided under the terms of the resulting Contract, the Actuary shall identify the Authority as the sponsoring agency and shall not release any information without prior approval of the Executive Director, the Chief Executive Officer of CERS and the Chief Executive officer of KRS, or appointed designee(s). This information includes, but is not limited to, press releases, research, and reports.

Communicate directly to the Authority Executive Director(s) or appointed designee(s). The Authority expects the Consulting Actuaries to route all requests, reports and all other communication in connection with this Contract through the Authority's Executive Director or appointed designee(s). While the CERS CEO and the KRS CEO have full authority to make requests of the Consulting Actuary, to maintain excellent communication and for billing accountability, the Authority's Executive Director or appointed designee(s) must be on written communications. If resource conflicts arise, the Authority's Executive Director will prioritize the Consulting Actuary's time.

Document discussion ideas, issues, and manage extended services. The actuaries shall share responsibility with the Authority for documenting in writing all ideas and issues that arise in discussions and meetings. The Primary Actuary must review, approve, and sign all price quotations for extended services, all final reports, all correspondence regarding actuarial assumptions and other technical issues.

Perform all services within the scope of the Contract under the direct supervision of a qualified Actuary. The Consulting Actuaries must be regularly engaged in the business of providing actuarial services and meet the Minimum Qualifications outlined in Section I.B of the RFP. The firm's choice of Consulting Actuaries must be employees of the firm. The Authority reserves the right to reject the firm's choice of Consulting Actuaries and may terminate the Contract if a consulting Actuary, acceptable to the Authority Executive Director, cannot be made available by the firm.

Valuation Services:

Perform annual actuarial valuations of the assets and liabilities of the Authority as required by Kentucky Revised Statute 61.565 and 61.670 for the Kentucky Employees Retirement System (KERS), the County Employees Retirement System (CERS) and the State Police Retirement System (SPRS) based on fiscal years as requested by the Authority. The results of the actuarial valuations will be presented in a certified report to all three Boards at separate meetings and will be certified by the Primary Actuary.

Annual Actuarial Investigation. The Actuary will perform an annual actuarial investigation during the term of this Contract. The results of these investigations will be used with the results of other years' investigations to complete the services required as requested by The Authority. A summary of the annual actuarial investigation shall be contained in the annual actuarial valuation.

Annual Report (AR). The Primary Actuary will annually prepare a letter and summary of the annual actuarial valuation for reproduction in the Authority AR. The letter and valuation summary shall

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be prepared in accordance with Governmental Accounting Standards Board (GASB) principles and reporting requirements.

Provide/Develop a simulation model for use by the Authority. Develop, deliver and install a simulation model for use by the Authority based on the most recent year's valuation results and current plan provisions. The model shall project actuarial and statutory contribution rates, asset and liability measures, and the unfunded actuarial accrued contribution rates, asset and liability measures, and the unfunded actuarial accrued liability. The model will allow the Authority to make projections based on changes to key variables such as investment return, amortization period, medical inflation rates, future Cost of Living Adjustments (COLA), and future payroll growth scenarios. The model shall be updated and provided to the Authority within sixty (60) calendar days after completion of each annual valuation. The Consulting Actuaries shall provide the necessary training and, upon request, technical assistance to the Kentucky Public Pensions Authority.

GASB Reports. The Primary Actuary will annually prepare the following reports:

- a) GASB Statement #67 "Financial Reporting for Pension Plans – an amendment of GASB Statement #25," and
- b) GASB Statement #68 "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement #27," and
- c) GASB Statement #74 "Financial Reporting for Post-Employment Benefit Plans other than Pension Plans," and
- d) GASB Statement #75 "Accounting and Financial Reporting for Post-Employment Benefits other than Pensions."

If any of the GASB Statements are subsequently amended, those amendments, if applicable, shall be reflected in the reports. Also, if any subsequent new GASB Statements are issued that require actuarial analysis and reports, the Primary Actuary shall provide those.

Consultation and Advisory Services:

Provide actuarial consultation and advisory services. These services will be delivered in meetings and by telephone calls, written correspondence and reports. Kentucky Public Pensions Authority expects these services may include public testimony to committees, boards, commissions, and legislators on any technical, policy, legal or administrative issues arising during the course of the Authority operations. Either the Primary or a Secondary Actuary should be readily accessible to the Authority Executive Director, his/her appointed designee(s), the CERS Board CEO or the KRS Board CEO by telephone within one (1) working day and will be available for meetings within ten (10) working days of a request. The Authority expects the Primary Actuary to attend a minimum of two (2) on-site meetings per Contract year to give presentations and/or answer questions. Kentucky Public Pensions Authority also expects the Primary Actuary to be available for educational discussions with the Board(s) of Trustees and/or the Authority employees. The Primary Actuary must have the ability to discuss actuarial theory, actuarial terminology and other matters in lay terms.

Prepare various actuarial operating tables and factors. From time to time, revision and review of these tables and factors may be required for operation of the Authority. These tables and factors include, but are not limited to, payment option tables for retirees and beneficiaries, present value factors, service purchase factor tables, and present value calculations. The Primary or Secondary Actuary must be available on-site as requested to assist with implementation of any factors.

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Prepare actuarial cost estimates of proposed legislation. The Consulting Actuaries shall provide timely actuarial cost analysis of proposed statutory amendments as requested by the Authority Executive Director or appointed designee(s). All actuarial cost analysis must be completed in accordance with KRS 6.350. The Authority expects the Consulting Actuaries to prepare an average of ten (10) to fifteen (15) estimates per Contract year. The majority of these actuarial analysis requests will occur during the regular session of the Kentucky General Assembly and will require the Actuary's response within five (5) working days or sooner.

Recommend possible improvements in the Authority financing and benefit structure. Throughout the duration of the Contract, the Primary Actuary will inform the Authority of developments in the retirement industry and their effect on the financing and benefit structure of a retirement system. The Primary Actuary should keep the Executive Director or appointed designee(s) apprised of current trends and advancements within the actuarial profession.

Assist Authority staff with Kentucky Public Pension Oversight Board. Consulting Actuaries will assist the Authority, the CERS Board and the KRS Board in responding to requests from the Kentucky Public Pension Oversight Board including, but not limited to, delivery of annual valuations on or before November 14 of each Contract year and providing annual twenty-year projections on or before December 15 of each Contract year.

Assist Authority staff in drafting new legislation or proposed changes to existing retirement laws affecting the Authority. Furthermore, the Consulting Actuaries should assist the Authority in developing strategies and recommend specific strategies for resolving any policy or administrative problems associated with implementing new legislation.

Assist in establishing actuarial specifications for the Authority data files. From time to time, the Authority may ask the Consulting Actuaries to provide feedback on the content of the data files and make suggestions for modifications to ensure that the full range of data needed for costing proposed legislation and performing actuarial valuations, experience studies and asset/liability studies is maintained.

Provide advice on special benefit cases. The Authority may occasionally request that the Consulting Actuaries review individual benefit applications and perform computations related to these special cases.

Extended Contract Services and Deliverables. The Consulting Actuaries will perform the services identified below on an as-needed basis:

Conduct experience studies. When requested, conduct experience studies for the Authority and make recommendations for changing actuarial assumptions and/or the actuarial cost method, as appropriate, for presentation to the Executive Director and Board of Trustees.

Conduct asset/liability studies. Conduct or provide assistance with asset/liability studies and modeling.

Perform other services as requested. The Actuary may be requested to provide additional consulting services or develop reports, which are not specifically listed in this scope of services.

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These services and/or reports will be negotiated individually with the Actuary on an as needed basis.

TERMINATION OF CONTRACT.

Termination for cause: The Authority may terminate the Contract at any time after fifteen (15) calendar days' written notice if the Actuary fails to carry out its obligations under this Contract. The Authority shall provide the Actuary with fifteen (15) calendar days' written notice of conditions endangering performance. If after such notice the Actuary fails to remedy the conditions contained in the notice, the Authority may do one or more of the following:

- # Exercise any remedy provided by law;
- # Terminate the Actuary's services; and
- # Seek monetary damages from the Actuary.

The Actuary shall not be considered to be in default under this Contract, nor shall monetary damages be assessed, if performance is delayed or made impossible by an act of God, or such other event that is beyond the reasonable control of the Actuary. In each such case, the delay or impossibility must be beyond the reasonable control and without the fault or negligence of the Actuary.

Should the Authority obtain a money judgment against the Actuary as a result of a breach of this Contract, the Actuary consents to such judgment being offset against monies owed the Actuary by the Authority under this or any other agreement with Kentucky Public Pensions Authority.

Amounts due to the Authority as monetary damages may be deducted by the Authority from any money payable to the Actuary pursuant to this or any other agreement. The Authority shall notify the Actuary in writing of any claims for damages on or before the date the Authority deducts such sums from money payable to the Actuary.

Should either party be in default of its obligations, the party not in default shall issue a written notice of default providing for an agreed time frame in which defaulting party shall have an opportunity to cure, provided that the cure is possible and feasible. If after opportunity to cure, the default remains, the party not in default may exercise any remedy provided by Kentucky law.

Notwithstanding any other provisions of this Contract, if funds anticipated for continued fulfillment of said Contract are at any time not forthcoming or sufficient, either through the failure of the Authority to receive appropriated funds, discontinuance, or material alteration of the program for which funds were provided, then the Authority shall give written notice as soon as practical documenting the lack of funding, discontinuance, or program alteration. Unless otherwise agreed to by the parties, the Contract shall become null and void on the last day for which appropriations were available.

Remedies of the Actuary in Event of Termination by the Authority. In the event of termination of this Contract for any reason by Kentucky Public Pensions Authority, the Authority shall pay only those amounts, if any, due and owing to the Actuary for services actually rendered up to and including the date of termination of the Contract and for which the Authority is obligated to pay

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pursuant to this Contract. Payment will be made only upon submission of invoices and proper proof of the Actuary's claim. This provision in no way limits the remedies available to the Authority under this Contract in the event of termination. However, the Authority shall not be liable for any of the following costs:

- # Payment of unemployment compensation to the Contractor's employees;
- # Payment of workers' compensation claims, which occur during the Contract or extend beyond the date on which the Contract terminates;
- # Any costs incurred by the Contractor in its performance of the Contract, including but not limited to: startup costs, overhead or other costs associated with the performance of the Contract;
- # Any taxes that may be owed by the Contractor in connection with the performance of this Contract, including but not limited to, sales taxes, excise taxes, use taxes, income taxes or property taxes.

Termination at will: The Authority may terminate the Contract without penalty on any day by giving written notice to the Actuary at least 30 calendar days prior to the termination. The Actuary may terminate the Contract without penalty on any given day by giving written notice to the Authority at least 180 days prior to the termination.

AUDIT AND EXAMINATION OF RECORDS.

The Actuary agrees that the Auditor of Public Accounts for the Commonwealth of Kentucky, or any authorized representative of the Authority to the extent permitted under KRS 61.661, shall have access to, and the right to examine, audit, excerpt and transcribe any directly pertinent books, documents, papers, and records of the Actuary relative to services performed, orders, invoices or payments of this Contract.

- # All records relating to this Contract shall be retained by the Actuary for five (5) years following the date of final payment or completion of any required audit, whichever is earlier.
- # Compliance with this clause does not relieve the Actuary from retaining any records required by other laws or regulations of federal, state or local governmental units. The Actuary will not be eligible for additional payments from the Authority, for expenses incurred, to comply with the foregoing audit requirements.

INDEMNIFICATION AND LIABILITY RESTRICTIONS.

The Actuary will indemnify the Authority against liability for any suits, actions, or claims arising from or relating to the negligent performance of the Actuary under this Contract.

The Authority has no obligation to provide legal counsel or defense to the Actuary if a suit, claim, or action is brought against the Actuary or its subcontractors as a result of the Actuary's performance or its obligations under this Contract. In addition, the Authority has no obligation for the payment of any judgments or the settlement of any claims against the Actuary as a result of the Actuary's performance of its obligations under the Contract. The Actuary shall immediately notify the Authority of any claim made or suit filed against the Actuary resulting from the Actuary's

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obligations under the Contract. The Actuary will cooperate, assist, and consult with the Authority in the defense or investigation of any claim made or suit filed against the Authority resulting from the Actuary's performance under the Contract. The Authority must notify Actuary of any lawsuit, complaint, or other situation for which indemnification may be sought within six (6) months of the date the Authority is notified of the matter.

The Authority will not indemnify the Actuary for any reason associated with the Actuary's performance under this Contract. The Authority has not waived any right or entitlement to claim sovereign immunity under this Contract.

The Actuary agrees to indemnify and hold CERS, KERS, SPRS, the Authority and its Executive Director and employees, the CERS Board and its CEO and employees, and the KRS Board and its CEO and employees, harmless from any and all liabilities, damages, settlements, judgements, costs and expenses, including reasonable attorney fees of the Authority staff, CERS staff, KRS staff or of the Kentucky Attorney General's Office, and the costs and expenses and reasonable attorney fees of other counsel the Authority may retain, related to or arising from:

- # Property damage, personal injury, death, loss costs, expense or other harm arising out of, resulting from, relating to or connected with any negligent act or omission by the Actuary, its divisions, subsidiaries, partners, principals, employees, agents, elected or appointed officials, officers and directors in fulfilling this Contract; or
- # Claims for infringement of patents, trademarks, trade dress, trade secrets, or copyrights arising from this Contract; or
- # Any breach or any claimed breach of this Contract by the Actuary or by any of its partners, principals, officers, directors, employees and agents.

Notwithstanding anything herein to the contrary, Actuary's indemnification obligations shall not extend to any liabilities, damages, settlements, judgments, costs or expenses related to or arising from the acts or omissions of the Authority.

TAXES.

The Authority is exempt from federal excise taxes, and no payment will be made for any taxes levied on the Actuary's wage payments. The Authority is exempt from state and local sales and use taxes on the services supplied pursuant to this Contract.

SECURITY, CONFIDENTIALITY, AND OWNERSHIP OF DATA.

Access to Confidential Data. The Actuary's employees, agents and subcontractors may have access to confidential data maintained by the Authority to the extent necessary to carry out its responsibilities under the Contract. The Actuary shall presume that all information received pursuant to this Contract is confidential unless otherwise designated by the Authority. The Actuary shall provide to the Authority a written description of its policies and procedures to safeguard confidential information. Policies of confidentiality shall address, as appropriate, information conveyed in verbal, written, and electronic formats. The Actuary shall provide Kentucky Public Pensions Authority updates or changes to these policies in a timely manner. The Consulting Actuary shall remain the responsible authority in charge of all data collected, used, or disseminated by the Actuary in connection with the performance of the Contract. The Actuary shall provide adequate supervision and training to its agents, employees and subcontractors to ensure

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compliance with the terms of this Contract. The Actuary shall provide physical and logical protection for all Kentucky Public Pensions Authority written and electronic data. Electronic data shall be encrypted during transport and at rest utilizing Kentucky Public Pensions Authority policy standards. The Actuary is responsible for ensuring that they have reviewed all policies and policy updates. The private or confidential data shall remain the property of the Authority at all times.

No Dissemination of Confidential Data. No confidential data collected, maintained, or used in the course of performance of the Contract shall be disseminated except as authorized by law and with the written consent of the Authority either during the period of the Contract or thereafter. Any data supplied to or created by the Actuary shall be considered the property of the Agency. The Actuary must return any and all data collected, maintained, created or used in the course of the performance of the Contract in whatever form it is maintained promptly at the request of the Authority.

Subpoena. In the event that a subpoena or other legal process is served upon the Actuary for records containing confidential information, the Actuary shall promptly notify the Authority and cooperate with the Authority in any lawful effort to protect the confidential information.

Reporting of Unauthorized Disclosure. The Actuary shall immediately report to the Authority any unauthorized disclosure of confidential information. Kentucky Public Pensions Authority will manage the disclosure in accordance with its established policies. The Actuary, at the sole discretion of Kentucky Public Pensions Authority, shall provide no cost credit monitoring services for Kentucky Public Pensions Authority's members that are deemed part of a potential disclosure. The Actuary shall bear the cost of notification to Kentucky Public Pensions Authority's members that are involved in a potential disclosure event, including individual letters and/or public notice.

Survives Termination. The Actuary's obligation under this Contract shall survive termination of this Contract. In the event there is a conflict between KRS 61.661 and any of the terms and conditions under Section 16 of this contract, KRS 61.661 will control.

RIGHTS IN PRODUCTS.

The Authority retains all rights to the services and deliverables, and other results of the Contract. These rights exclude any copyrighted materials by the Actuary that are utilized by the Authority. The Actuary may not reproduce or otherwise use the products of this Contract without the written consent of the Authority.

WARRANTY AGAINST CONTINGENT FEES.

The Actuary warrants that no person or selling agency has been employed or retained to solicit and secure this Contract upon an agreement or understanding of commission, percentage, brokerage or contingency fee except bona fide employees maintained by the Actuary for the purpose of securing business. For breach or violation of this warranty, the Authority shall have the right to immediately terminate this Contract without liability other than for services already performed, or in the Authority discretion, to deduct from the Contract price or to otherwise recover, the full amount of such commission, percentage, brokerage or contingency.

CERTIFICATION OF INDEPENDENT PRICE DETERMINATION.

By signing this Contract, the Actuary certifies that its prices in this Contract have been arrived at independently, without consultation, communication, or agreement, for the purpose of restricting competition, as to any matter relating to such prices with any competitor. No attempt was made by

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the Actuary to induce any other person or firm to submit or not submit a proposal for the purpose of restricting competition.

CONTRACT.

This Contract between Kentucky Public Pensions Authority and the Actuary shall include the negotiated Contract, the terms and conditions of the RFP, the Actuary's proposal made in response to the RFP, and any written clarifications or changes made in accordance with the provisions herein. In the event of conflict between the documents, the rights of the Authority and the Actuary shall be determined by first examining this agreement, then examining any written clarifications or changes that follow the effective date of this Contract, then the RFP, and finally the Actuary's response to the RFP.

RELEASE OF INFORMATION ABOUT THIS CONTRACT.

News releases or other material pertaining to this Contract shall not be made available to the public, the Actuary's clients or potential clients without prior written approval of the Authority.

AUTHORITY OF KENTUCKY PUBLIC PENSIONS AUTHORITY.

Kentucky Public Pensions Authority shall determine the quantity, quality, and acceptability of work under this Contract. The Authority shall decide all questions regarding performance and fulfillment of the Contract, including the obligations of the Actuary.

ASSIGNMENT.

The Actuary shall not assign the Contract in whole or in part or any payment arising from the Contract without prior written approval of the Authority and subject to such conditions and provisions as the Authority may deem necessary. Further, the obligations of Actuary under this contract shall be considered personal obligations of Actuary, performable solely by Actuary and Actuary may not delegate its duties hereunder to any entity other than an employee of Actuary without the express written consent of Kentucky Public Pensions Authority.

USE OF THIRD-PARTIES AND SUBCONTRACTORS.

Should the Actuaries obtain approval from the Authority to Contract with third parties to provide services needed by the Authority, the Contractor agrees that any and all subcontractors shall be subject to all of the provisions of the Contract herein. All restrictions, obligations and responsibilities of the Actuary under this Contract shall also apply to the subcontractors. The Authority shall have the right to request the removal of a subcontractor from the Contract at any time.

PROHIBITION AGAINST GRATUITIES.

Kentucky law provides that it is a felony to offer, promise or give anything of value or benefit to an elected official, public official, public employee, candidate, or that person's immediate family member, with the intent to influence that person's acts, opinion, judgment or exercise of discretion with respect to that person's duties. In addition to any criminal and civil penalties, The Authority may, by written notice to the Actuary, terminate this Contract, if the Actuary violates this section.

LIABILITY, MALPRACTICE AND/OR ERRORS AND OMISSIONS INSURANCE.

The Actuary shall maintain malpractice and/or an Errors and Omissions Insurance Policy in the amount of at least \$2,000,000. Additionally, the Actuary shall maintain adequate business insurance to include an umbrella liability policy of at least \$2,000,000 total. Coverage under these

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policies must include protection from the fraudulent conduct and breach of fiduciary responsibility of the Actuary. Evidence of insurance shall be furnished at Contract signing and upon request.

JURISDICTION OF DISPUTES.

This Contract shall be governed under Kentucky law, without regard to conflict of laws principles thereof. Jurisdiction over disputes involving this Contract, not settled by mutual consent of the parties, shall be solely in the courts of the State of Kentucky and shall be tried in Franklin County, Kentucky Circuit Court. In the event of disputes, both parties to this Contract agree to endeavor to resolve the dispute to their mutual satisfaction. Litigation to resolve the dispute will not be pursued until after resolution has been attempted and one or more of the parties concludes that resolution is unlikely. The parties will continue performing their respective duties while a dispute is being resolved unless the dispute precludes performance. To the extent that in any jurisdiction Actuary may now or hereafter be entitled to claim for itself or its assets immunity from suit, execution, attachment (before or after judgment) or other legal process, Actuary, to the extent it may effectively do so, irrevocably agrees not to claim, and it hereby waives, same.

ACTUARY PERSONNEL.

The Authority may request replacement of any of the Actuary’s personnel believed unable to carry out the responsibilities of this Contract. The Authority shall approve replacement personnel. Such approval shall not be unreasonably withheld. Such approval shall in no way lessen the Actuary’s responsibility for the proper selection, assignment, management, and discipline of the Actuary’s employees.

ACTUARY’S TERMINATION AND TRANSITION DUTIES.

If this Contract is terminated with or without cause, not renewed, or if the Actuary is not the successful bidder at the next RFP process, the Actuary, upon the receipt of notice from the Authority, shall:

- # Cease work under this Contract and take all necessary or appropriate steps to limit disbursements and minimize costs, and furnish a report within thirty (30) days of the date of notice of termination, describing the status of all work under the Contract, including, without limitation, results accomplished, conclusions relating there from, or any other matters the Authority may require.
- # Immediately cease using and return to the Authority any personal property, records, data, or materials, whether tangible or intangible, provided by the Authority to the Actuary, unless otherwise directed by the Authority.
- # Comply with the Authority instructions for the timely transfer of any active files and work product produced by the Actuary under this Contract.
- # Cooperate in good faith with the Authority, its employees, agents, and contractors during the transition period between the notification and the substitution of any replacement contractor.
- # Immediately return to the Authority any payments made by the Authority for services that were not rendered by the Actuary.

INDEPENDENT CONTRACTOR STATUS.

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It is expressly understood and agreed that the Actuary will act as an independent contractor in performance of this Contract. No provision hereunder shall be intended to create an employer/employee relationship with respect to the Actuary’s employees and the Authority. Nor shall this Contract be construed to create a partnership or joint venture with respect to the services and deliverables, or otherwise.

INTEGRATION.

This Contract represents the entire agreement between the parties and neither party is relying on any representation that may have been made which is not included in this Contract.

HEADINGS OR CAPTIONS.

The paragraph headings or captions are for identification purposes only and do not limit or construe the contents of the paragraphs.

SUPERSEDES FORMER AGREEMENTS.

This Agreement supersedes all prior Agreements between the Actuary and the Authority for the services provided in connection with this Agreement.

ACTUARY CHANGES.

Actuary shall provide notification to the Authority in writing within five (5) business days of any material changes concerning the Actuary’s organizational relationships, ownership, professional staff, senior officers, or services, which may have an impact on the Actuary’s performance under this Contract. Notice shall also be provided of any significant legal action instituted against Actuary, or any investigations, examinations, or other proceedings commenced by any governmental agency. Notices required in this Section shall be served on Kentucky Public Pensions Authority by registered or certified mail.

SEVERABILITY.

If any provision of this Agreement is deemed invalid or unenforceable, the remainder shall be valid and enforceable.

WAIVER OF INFORMALITIES.

Failure of the Authority at any time to require strict performance of any provision of this Contract shall not constitute a waiver of that provision nor in any way limit the enforcement of the provision.

Amendments and Renewal. Written modifications, amendments or additions to this Contract shall be effective only when signed by both parties. Any changes requested to the contract terms by the Actuary shall be communicated in writing to the attention of David Eager, Executive Director of Kentucky Public Pensions Authority and Rebecca Adkins, Executive Director of Operations, with a copy to the Commonwealth Buyer listed on the contract at the address below

Kentucky Public Pensions Authority
 1270 Louisville Road
 Frankfort, KY 40601

II. Contract Components and Order of Precedence

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The Commonwealth's acceptance of the Contractor's offer in response to the Solicitation, indicated by the issuance of a Contract Award shall create a valid contract between the Parties consisting of the following:

1. Procurement Statutes, Regulations and Policies
2. Any written Agreement between the Parties.
3. Any Addenda to the Solicitation.
4. The Solicitation and all attachments
5. Any Best and Final Offer.
6. Any clarifications concerning the Contractor's proposal in response to the Solicitation.
7. The Contractor's proposal in response to the Solicitation.

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

III. Negotiated Items – Not Applicable

IV. Pricing

RETAINER FEES. In exchange for the services and deliverables provided to the Authority by the Actuary, the Authority will pay the Actuary the fees and hourly rates for services set forth in the renewal negotiations submitted by Gabriel Roeder Smith & Company. The agreed upon rate changes are: an annual fee of \$210,000 to provide the retainer valuation services for KERS and CERS. The increase in retainer fees is attributable to the additional work necessary to complete the actuarial valuation for the KERS Non-Hazardous System that reflects the fixed allocation (HB 8) along with some anticipated additional time participating in more meetings due to the creation of separate CERS and KERS Boards. There is no change to the current hourly rates for consultation and hourly services that are not included in the retainer valuation services.

EXTENDED SERVICE FEES. Periodically, the Authority may request services and/or deliverables from the Actuary in which a project fee is more suitable. In the event that a project is requested, the Authority will provide the Actuary with the general scope of the project and allow the Actuary to submit a proposed project cost. If the proposed project cost is acceptable to the Authority, services and deliverables related to the project will be billed to the Authority on a monthly basis. Monthly billing shall equal the agreed upon project cost divided by the number of months anticipated for the project. The Authority shall pay the monthly billing minus five (5) percent. The Authority shall retain the five (5) percent until completion of the project. Upon completion of all project requirements, the Authority shall assess the Actuary's performance and determine how much of the retained amount will be paid to the Actuary. The Actuary will be entitled to the full retained amount if all project and performance requirements were completed to the Authority's satisfaction.

Kentucky Public Pensions Authority may reimburse the Contractor for travel expenses in accordance with the state regulations established by the Finance and Administration Cabinet and in compliance with Kentucky Revised Statutes and Kentucky Administrative Regulations upon receipt of approved documentation.

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In accordance with the Legislative Research Commission, Government Contract Review Policy statement #98-1, Contractor shall not be permitted to bill for the hourly rate while being reimbursed for travel expenses.

V. Invoicing

The Actuary shall submit an itemized invoice each month for services rendered to the Authority. The Authority shall be permitted a reasonable period to verify that the invoiced services were rendered and pay the invoice. The Actuary shall not be entitled to any interest unless provided for under Kentucky law.

Pursuant to KRS 45A.695, no payment shall be made on any personal service contract unless the individual, firm, partnership, or corporation awarded the personal service contract submits its invoice for payment on a form established by the committee.

*Invoice form is available on the Legislative Research Commission, Government Contract Review Committee website:

<https://apps.legislature.ky.gov/moreinfo/Contracts/PSC%20INVOICE%20FORM.pdf>

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**Personal Service Contract Standard Terms and Conditions
Revised January 2020**

Whereas, the first party, the state agency, has concluded that either state personnel are not available to perform said function, or it would not be feasible to utilize state personnel to perform said function; and **Whereas**, the second party, the Contractor, is available and qualified to perform such function; and **Whereas**, for the abovementioned reasons, the state agency desires to avail itself of the services of the second party;

NOW THEREFORE, the following terms and conditions are applicable to this contract:

1.00 Effective Date:

This contract is not effective until the Secretary of the Finance and Administration Cabinet or his authorized designee has approved the contract and until the contract has been submitted to the Legislative Research Commission, Government Contract Review Committee ("LRC"). However, in accordance with KRS 45A.700, contracts in aggregate amounts of \$10,000 or less are exempt from review by the committee and need only be filed with the committee within 30 days of their effective date for informational purposes.

KRS 45A.695(7) provides that payments on personal service contracts and memoranda of agreement shall not be authorized for services rendered after government contract review committee disapproval, unless the decision of the committee is overridden by the Secretary of the Finance and Administration Cabinet or agency head, if the agency has been granted delegation authority by the Secretary.

2.00 Renewals:

Upon expiration of the initial term, the contract may be renewed in accordance with the terms and conditions in the original solicitation. Renewal shall be subject to prior approval from the Secretary of the Finance and Administration Cabinet or his authorized designee and the LRC Government Contract Review Committee in accordance with KRS 45A.695 and KRS 45A.705, and contingent upon available funding.

3.00 LRC Policies:

Pursuant to KRS 45A.725, LRC has established policies which govern rates payable for certain professional services. These are located on the LRC webpage (<http://www.lrc.ky.gov/Statcomm/Contracts/homepage.htm>) and would impact any contract established under KRS 45A.690 et seq., where applicable.

4.00 Choice of Law and Forum:

This contract shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky. Any action brought against the Commonwealth on the contract, including but not limited to actions either for breach of contract or for enforcement of the contract, shall be brought in Franklin Circuit Court, Franklin County, Kentucky in accordance with KRS 45A.245.

5.00 EEO Requirements:

The Equal Employment Opportunity Act of 1978 applies to All State government projects with an estimated value exceeding \$500,000. The contractor shall comply with all terms and conditions of the Act.

6.00 Cancellation:

The Commonwealth shall have the right to terminate and cancel this contract at any time not to exceed thirty (30) days' written notice served on the Contractor by registered or certified mail.

7.00 Funding Out Provision:

The state agency may terminate this contract if funds are not appropriated to the contracting agency or are not otherwise available for the purpose of making payments without incurring any obligation for payment after the date of termination, regardless of the terms of the contract. The state agency shall provide the Contractor thirty (30) calendar days' written notice of termination of the contract due to lack of available funding.

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8.00 Reduction in Contract Worker Hours:

The Kentucky General Assembly may allow for a reduction in contract worker hours in conjunction with a budget balancing measure for some professional and non-professional service contracts. If under such authority the agency is required by Executive Order or otherwise to reduce contract hours, the agreement will be reduced by the amount specified in that document. If the contract funding is reduced, then the scope of work related to the contract may also be reduced commensurate with the reduction in funding. This reduction of the scope shall be agreeable to both parties and shall not be considered a breach of contract.

9.00 Authorized to do Business in Kentucky:

The Contractor affirms that it is properly authorized under the laws of the Commonwealth of Kentucky to conduct business in this state and will remain in good standing to do business in the Commonwealth of Kentucky for the duration of any contract awarded.

The Contractor shall maintain certification of authority to conduct business in the Commonwealth of Kentucky during the term of this contract. Such registration is obtained from the Secretary of State, who will also provide the certification thereof.

Registration with the Secretary of State by a Foreign Entity:

Pursuant to KRS 45A.480(1)(b), an agency, department, office, or political subdivision of the Commonwealth of Kentucky shall not award a state contract to a person that is a foreign entity required by KRS 14A.9-010 to obtain a certificate of authority to transact business in the Commonwealth ("certificate") from the Secretary of State under KRS 14A.9-030 unless the person produces the certificate within fourteen (14) days of the bid or proposal opening. Therefore, foreign entities should submit a copy of their certificate with their solicitation response. If the foreign entity is not required to obtain a certificate as provided in KRS 14A.9-010, the foreign entity should identify the applicable exception in its solicitation response. Foreign entity is defined within KRS 14A.1-070.

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For all foreign entities required to obtain a certificate of authority to transact business in the Commonwealth, if a copy of the certificate is not received by the contracting agency within the time frame identified above, the foreign entity's solicitation response shall be deemed non-responsive or the awarded contract shall be cancelled.

Businesses can register with the Secretary of State at <https://onestop.ky.gov/Pages/default.aspx>

10.00 Invoices for fees:

The Contractor shall maintain supporting documents to substantiate invoices and shall furnish same if required by state government. The invoice must conform to the method described in Section V of this contract.

Pursuant to KRS 45A.695, no payment shall be made on any personal service contract unless the individual, firm, partnership, or corporation awarded the personal service contract submits its invoice for payment on a form established by the committee.

*Invoice form is available on the Legislative Research Commission, Government Contract Review Committee website: <http://www.lrc.ky.gov/Statcomm/Contracts/homepage.htm>

11.00 Travel expenses, if authorized:

The Contractor shall be paid for no travel expenses unless and except as specifically authorized by the specifications of this contract or authorized in advance and in writing by the Commonwealth. The Contractor shall maintain supporting documents that substantiate every claim for expenses and shall furnish same if requested by the Commonwealth.

12.00 Other expenses, if authorized herein:

The Contractor shall be reimbursed for no other expenses of any kind, unless and except as specifically authorized within the specifications of this contract or authorized in advance and in writing by the Commonwealth.

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

13.00 Purchasing and specifications:

The Contractor certifies that he/she will not attempt in any manner to influence any specifications to be restrictive in any way or respect nor will he/she attempt in any way to influence any purchasing of services, commodities or equipment by the Commonwealth of Kentucky. For the purpose of this paragraph and the following paragraph that pertains to conflict-of-interest laws and principles, "he/she" is construed to mean "they" if more than one person is involved and if a firm, partnership, corporation, or other organization is involved, then "he/she" is construed to mean any person with an interest therein.

14.00 Conflict-of-interest laws and principles:

The Contractor certifies that he/she is legally entitled to enter into this contract with the Commonwealth of Kentucky, and by holding and performing this contract, he/she will not be violating either any conflict of interest statute (KRS 45A.330-45A.340, 45A.990, 164.390), or KRS 11A.040 of the executive branch code of ethics, relating to the employment of former public servants.

15.00 Campaign finance:

The Contractor certifies that neither he/she nor any member of his/her immediate family having an interest of 10% or more in any business entity involved in the performance of this contract, has contributed more than the amount specified in KRS 121.056(2), to the campaign of the gubernatorial candidate elected at the election last preceding the date of this contract. The Contractor further swears under the penalty of perjury, as provided by KRS 523.020, that neither he/she nor the company which he/she represents, has knowingly violated any provisions of the campaign finance laws of the Commonwealth, and that the award of a contract to him/her or the company which he/she represents will not violate any provisions of the campaign finance laws of the Commonwealth.

16.00 Access to Records:

The state agency certifies that it is in compliance with the provisions of KRS 45A.695, "Access to contractor's books, documents, papers, records, or other evidence directly pertinent to the contract." The Contractor, as defined in KRS 45A.030, agrees that the contracting agency, the Finance and Administration Cabinet, the Auditor of Public Accounts, and the Legislative Research Commission, or their duly authorized representatives, shall have access to any books, documents, papers, records, or other evidence, which are directly pertinent to this agreement for the purpose of financial audit or program review. The Contractor also recognizes that any books, documents, papers, records, or other evidence, received during a financial audit or program review shall be subject to the Kentucky Open Records Act, KRS 61.870 to 61.884. Records and other prequalification information confidentially disclosed as part of the bid process shall not be deemed as directly pertinent to the agreement and shall be exempt from disclosure as provided in KRS 61.878(1)(c).

17.00 Protest:

Pursuant to KRS 45A.285, the Secretary of the Finance and Administration Cabinet, or his designee, shall have authority to determine protests and other controversies of actual or prospective vendors in connection with the solicitation or selection for award of a contract.

Any actual or prospective vendor, who is aggrieved in connection with the solicitation or selection for award of a contract, may file protest with the Secretary of the Finance and Administration Cabinet. A protest or notice of other controversy must be filed promptly and, in any event, within two (2) calendar weeks after such aggrieved person knows or should have known of the facts giving rise thereto. All protests or notices of other controversies must be in writing and shall be addressed to:

Holly M. Johnson, Secretary

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Commonwealth of Kentucky
 Finance and Administration Cabinet
 Room 383, New Capitol Annex
 702 Capitol Avenue
 Frankfort, KY 40601

The Secretary of Finance and Administration Cabinet shall promptly issue a decision in writing. A copy of that decision shall be mailed or otherwise furnished to the aggrieved party and shall state the reasons for the action taken.

The decision by the Secretary of the Finance and Administration Cabinet shall be final and conclusive.

18.00 Social security: (check one)

The parties are cognizant that the state is not liable for social security contributions, pursuant to 42 U.S. Code, section 418, relative to the compensation of the second party for this contract.

The parties are cognizant that the state is liable for social security contributions, pursuant to 42 U.S. Code, section 418, relative to the compensation of the second party for this contract.

19.00 Violation of tax and employment laws:

KRS 45A.485 requires the Contractor and all subcontractors performing work under the contract to reveal to the Commonwealth, prior to the award of a contract, any final determination of a violation by the Contractor within the previous five (5) year period of the provisions of KRS chapters 136, 139, 141, 337, 338, 341, and 342. These statutes relate to corporate and utility tax, sales and use tax, income tax, wages and hours laws, occupational safety and health laws, unemployment insurance laws, and workers compensation insurance laws, respectively

To comply with the provisions of KRS 45A.485, the Contractor and all subcontractors performing work under the contract shall report any such final determination(s) of violation(s) to the Commonwealth by providing the following information regarding the final determination(s): the KRS violated, the date of the final determination, and the state agency which issued the final determination.

KRS 45A.485 also provides that, for the duration of any contract, the Contractor and all subcontractors performing work under the contract shall be in continuous compliance with the provisions of those statutes, which apply to their operations, and that their failure to reveal a final determination, as described above, or failure to comply with the above statutes for the duration of the contract, shall be grounds for the Commonwealth's cancellation of the contract and their disqualification from eligibility for future state contracts for a period of two (2) years.

Contractor must check one:

The Contractor has not violated any of the provisions of the above statutes within the previous five (5) year period.

The Contractor has violated the provisions of one or more of the above statutes within the previous five (5) year period and has revealed such final determination(s) of violation(s). Attached is a list of such determination(s), which includes the KRS violated, the date of the final determination, and the state agency which issued the final determination.

20.00 Discrimination:

This section applies only to contracts disbursing federal funds, in whole or part, when the terms for receiving those funds mandate its inclusion. Discrimination (because of race, religion, color, national origin, sex, sexual orientation, gender identity, age, or disability) is prohibited. During the performance of this contract, the Contractor agrees as follows:

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The Contractor will not discriminate against any employee or applicant for employment because of race, religion, color, national origin, sex, sexual orientation, gender identity or age. The Contractor further agrees to comply with the provisions of the Americans with Disabilities Act (ADA), Public Law 101-336, and applicable federal regulations relating thereto prohibiting discrimination against otherwise qualified disabled individuals under any program or activity. The Contractor agrees to provide, upon request, needed reasonable accommodations. The Contractor will take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to their race, religion, color, national origin, sex, sexual orientation, gender identity, age or disability. Such action shall include, but not be limited to the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensations; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this non-discrimination clause.

In all solicitations or advertisements for employees placed by or on behalf of the Contractor, the Contractor will state that all qualified applicants will receive consideration for employment without regard to race, religion, color, national origin, sex, sexual orientation, gender identity, age or disability.

The Contractor will send to each labor union or representative of workers with which he/she has a collective bargaining agreement or other contract or understanding a notice advising the said labor union or workers' representative of the Contractor's commitments under this section and shall post copies of the notice in conspicuous places available to employees and applicants for employment. The Contractor will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions, including sanctions for noncompliance.

The Contractor will comply with all provisions of Executive Order No. 11246 of September 24, 1965, as amended, and of the rules, regulations and relevant orders of the Secretary of Labor.

The Contractor will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, as amended, and by the rules, regulations and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his/her books, records and accounts by the administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.

In the event of the Contractor's noncompliance with the nondiscrimination clauses of this contract or with any of the said rules, regulations or orders, this contract may be cancelled, terminated or suspended in whole or in part, and the Contractor may be declared ineligible for further government contracts or federally-assisted construction contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, as amended, and such other sanctions that may be imposed and remedies invoked as provided in or as otherwise provided by law.

The Contractor will include the provisions of paragraphs (1) through (7) of section 202 of Executive Order 11246 in every subcontract or purchase order unless exempted by rules, regulations or orders of the Secretary of Labor, issued pursuant to section 204 of Executive Order No. 11246 of September 24, 1965, as amended, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions including sanctions for noncompliance; provided, however, that in the event a Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the agency, the Contractor may request the United States to enter into such litigation to protect the interests of the United States.

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Approvals

This contract is subject to the terms and conditions stated herein. By affixing signatures below, the parties verify that they are authorized to enter into this contract and that they accept and consent to be bound by the terms and conditions stated herein. In addition, the parties agree that (i) electronic approvals may serve as electronic signatures, and (ii) this contract may be executed in any number of counterparts, each of which when executed and delivered shall constitute a duplicate original, but all counterparts together shall constitute a single contract.

1st Party:

Signature

Title

Printed Name

Date

2nd Party:

Signature

Title

Printed Name

Date

Other Party:

Signature

Title

Printed Name

Date

Approved as to form and legality:

Attorney