



**County Employees Retirement System
Board of Trustees – Special Meeting
May 28, 2024, at 2:00 pm ET (1:00 pm CT)
Live Video Conference/Facebook Live**

AGENDA

- | | |
|-------------------------------------------------|-----------------------|
| 1. Call to Order | Lisle Cheatham |
| 2. Opening Statement | Eric Branco |
| 3. Roll Call | Sherry Rankin |
| 4. Public Comment | Sherry Rankin |
| 5. Approval of Minutes* -- April 8, 2024 | Lisle Cheatham |
| 6. Chairman's Corner | Lisle Cheatham |
| 7. Bylaw Changes* | Lisle Cheatham |
| 8. Closed Session* | Eric Branco |
| 9. Adjourn | Lisle Cheatham |

***Board May Take Action**

**MINUTES OF MEETING
COUNTY EMPLOYEES RETIREMENT SYSTEM
BOARD OF TRUSTEES ANNUAL MEETING
APRIL 8, 2024, AT 2:00 P.M. ET
VIA LIVE VIDEO TELECONFERENCE**

At the Meeting of the County Employees Retirement System Board of Trustees held on April 8, 2024, the following members were present: Betty Pendergrass, Dr. Patricia Carver, George Cheatham, Michael Foster, JT Fulkerson, Dr. Merl Hackbart, William O'Mara, and Jerry Powell. Staff members present were CERS CEO Ed Owens, III, David Eager, Erin Surratt, Michael Lamb, Elizabeth Smith, Ann Case, Michael Board, Leigh Ann Davis, Victoria Hale, Nathan Goodrich, Carrie Slayton, Jillian Hall, Jessica Beaubien, Steve Willer, Anthony Chiu, Brian Caldwell, D'Juan Surratt, Kristen Coffey, Ashley Gabbard, Katie Park, Phillip Cook, and Sherry Rankin. Others present included David Lindberg and Chris Tessman with Wilshire, and Eric Branco with Johnson Branco & Brennan, LLP.

Ms. Pendergrass called the meeting to order.

Mr. Branco read the Opening Statement.

Ms. Rankin called Roll.

Ms. Rankin advised that one **Public Comment** (Video 00:08:50 to 00:10:11) was received and read the comment aloud.

Submitted by Melvin Louis Schafer

With the election for 2025 board member Betty Pendergrass and Jerry Powell, hum have served two terms very well I might add and if chose to run will be their third term. With the passage of HB 484 separation of the systems. Will they be starting a new three terms because of the separation and new law? Also, how will the election determine if six possible individuals or more are selected by the board on the ballet and three of the top vote getters are nonhazardous and the hazardous finish fourth or lower after the vote are counted. How will this work? Separate election? or will it end in possible lawsuits? Are the appointed board members being subject to the three terms? Respectively submitted. Melvin Schafer, retiree

Ms. Pendergrass introduced agenda item *Approval of Minutes – March 11, 2024* (Video 00:10:12 to 00:10:51). Mr. Powell made a motion to approve the March 11, 2024, minutes as presented. The motion was seconded by Dr. Carver and passed unanimously.

Ms. Pendergrass introduced agenda item *Administrative* (Video 00:10:52 to 01:45:38).

Ms. Pendergrass presented proposed revisions to the CERS Bylaws. Ms. Pendergrass advised that the section establishing a CERS Legislative Committee had been removed. Mr. Foster asked why the Committee would not be formed; Mr. Cheatham elaborated. The CERS Board of Trustees evaluated and discussed the value of a legislative committee. Mr. Foster recommended that the section establishing a CERS Legislative Committee remain.

After considerable discussion, Mr. Powell made a motion to dissolve the CERS Legislative Committee. Mr. O'Mara seconded the motion. Mr. Foster and Ms. Pendergrass opposed; however, the motion passed.

Mr. Powell made a motion to approve the revised CERS Bylaw as presented. The motion was seconded by Mr. Fulkerson. Mr. Foster and Ms. Pendergrass opposed; however, the motion passed.

Next, Pendergrass took a moment to answer the primary questions asked in the submitted public comment relating to the CERS Board Election Policy.

Ms. Coffey reviewed suggested amendments to the CERS Board Election Policy.

The next election will take place in early 2025, said Ms. Coffey. Applications are due July 1, 2024. There was extensive discussion surrounding write-in candidates and sufficient identifying information for these candidates.

Mr. Powell made a motion to direct staff to add language to CERS Election Policy (Section 15) requiring a middle name, if known, for write-in candidates and that they file a Declaration of Intent no later than January 31st. Mr. Cheatham seconded the motion and the motion passed unanimously.

Mr. Powell made a motion to approve the CERS Board Election Policy as amended. The motion was seconded by Dr. Hackbart and passed unanimously.

Ms. Beaubien provided an overview of Administrative Regulation 105 KAR 1:120 and the amendments made to the regulation.

Kentucky Revised Statutes 78.782(9)(d) authorizes the Board to promulgate and amend administrative regulations “not inconsistent with the provisions of KRS 78.510 to 78.852” that are “necessary or proper in order to carry out the provisions of KRS 78.510 to 78.852.” 105 KAR 1:120, Participation of County Employees Retirement System Employers, is consistent with and necessary to carry out these provisions of the Kentucky Revised Statutes.

Ms. Beaubien stated that the administrative regulation establishes the procedures and requirements for employer participation in the County Employees Retirement System (CERS).

This amendment:

- Updates the language throughout the regulation to be consistent with the language used in all Kentucky Public Pensions Authority, County Employees Retirement System, and Kentucky Retirement Systems regulations, and the definitions found in 105 KAR 1:001.
- Details have been added about existing requirements for prospective employers, inactive employers, and employers who are splitting, separating, forming a new entity, or merging.
- Incorporates by reference several required forms.

Mr. Cheatham made a motion to approve Administrative Regulation 105 KAR 1:120 as presented and to authorize staff to file the materials with the Regulations Complier. The motion was seconded by Mr. Foster and passed unanimously.

****Ms. Pendergrass was placed in the meeting waiting room****

Mr. Cheatham introduced Metro Government Request. Mr. Board and Mr. Surratt provided background on the issue. Louisville/Jefferson County Metro Government (Metro) was undergoing a change in their payroll system which was unable to accurately send the required reports to KPPA, said Mr. Board. Late reporting penalties were incurred; however, two months of late reporting penalties were waived by the KPPA Division of Employer Reporting, Compliance and Education (ERCE). Additionally, ERCE worked in cooperation with the agency to bring them current in their reporting.

Metro has requested a waiver of late reporting penalties for reporting months November 2022-July 2023. Mr. Surratt informed Metro that no additional penalties would be waived, however, the agency requested that the request be presented to the CERS Board of Trustees for a decision.

Mr. Powell made a motion to create a committee or work group to follow up on the issue with Mr. Board, Mr. Owens, a representative of the KPPA Division of Internal Audit, and a representative of the KPPA Division of Accounting to further review and ensure all policies were followed. They are to have additional discussion with Metro Government and report back to the CERS Board of Trustees, prior to a decision. The motion was seconded by Dr. Hackbart and passed unanimously.

****Ms. Pendergrass reentered the meeting****

**** 10-minute recess****

Ms. Pendergrass introduced agenda item ***Officer Elections*** (Video 01:57:33 to 02:05:29). Mr. Cheatham requested nominations for CERS Chair.

Mr. Powell nominated Mr. George Cheatham for the role of CERS Chair. Mr. Foster seconded the nomination.

Dr. Hackbart nominated Ms. Betty Pendergrass for the role of CERS Chair. The nomination was seconded by Dr. Carver.

Mr. O'Mara made a motion to cease nominations. The motion was seconded by Mr. Powell and passed unanimously.

A roll call vote was taken; three (3) votes for Mr. Cheatham, three (3) votes for Ms. Pendergrass. Mr. Cheatham and Ms. Pendergrass abstained from the vote. The vote resulted in a tie; however, Ms. Pendergrass declined her nomination to allow Mr. Cheatham to become the CERS Chair. Mr. Cheatham thanked Ms. Pendergrass for her service to the CERS Board of Trustees over the last three years. Mr. Powell commended Ms. Pendergrass for her labor and dedication to CERS.

Dr. Hackbart made a motion to thank Ms. Pendergrass for her dedication and service to CERS as Chair over the last three years. Mr. Fulkerson seconded the motion and the motion passed

unanimously.

Next, Mr. Cheatham requested nominations for CERS Vice-Chair. Mr. Powell nominated Mr. Michael Foster for the role of CERS Vice-Chair. Mr. O'Mara seconded the nomination.

Dr. Hackbart made a motion to close nominations and approve Mr. Foster as the Vice-Chair. The motion was seconded by Mr. Powell and passed unanimously.

Mr. Cheatham introduced agenda item ***PPW Board of Directors Election*** (Video 02:05:30 to 02:14:23). Mr. Powell provided a thorough synopsis of Perimeter Park West (PPW) and the PPW Board of Directors Election.

Mr. O'Mara nominated Mr. Jerry Powell for the CERS Representative for the upcoming PPW Board of Directors ballot and election. The nomination was seconded by Ms. Pendergrass.

Dr. Hackbart made a motion to cease nominations and was seconded by Mr. Fulkerson. Mr. Powell abstained; however, the motion passed to submit the name of Jerry Powell as the CERS Representative for the upcoming PPW Board of Directors' ballot and election.

Mr. Powell made a motion to authorize Steve Willer, as CIO, to vote the PPW shares, as proxy for CERS, as authorized in the CERS Investment Policy Statement (IPS) and as set forth in the CERS Proxy Voting Policy. Ms. Pendergrass seconded the motion and the motion passed unanimously.

Mr. Cheatham introduced agenda item ***Johnson Branco & Brennan Contract*** (Video 02:14:24 to 02:16:25). Mr. Branco advised that a new partner had been admitted to the firm of Johnson Bowman Branco, LLC. He presented a draft personal service contract with a duration of July 1, 2024, through June 30, 2025. Mr. Branco stated that no material changes have been made from the previous contract.

Mr. Fulkerson made a motion to approve the contract with Johnson Branco & Brennan as presented. The motion was seconded by Mr. Foster and passed unanimously.

Mr. Cheatham introduced agenda item ***ACFR Recommendation*** (Video 02:16:26 to 02:23:20). Mr. Lamb presented a detailed memorandum outlining his research regarding the presentation of

the Annual Comprehensive Financial Report (ACFR). Beginning with fiscal year ended June 30, 2024, he recommended that KPPA contract with an outside certified public accountant to perform two separate financial statement audits and have KPPA publish two separate ACFRs:

- One ACFR for the County Employees Retirement System, and their related pension and insurance trust plans and;
- One ACFR for the Kentucky Retirement Systems, inclusive of the Kentucky Employees Retirement System (KERS) and the State Police Retirement System (SPRS), and their related pension and insurance trust plans.

Mr. O'Mara made a motion to endorse the recommendation to publish two separate ACFRs as presented by the KPPA Division of Accounting. Mr. Powell seconded the motion and the motion passed unanimously.

Mr. Cheatham introduced agenda item ***Investments*** (*Video 02:23:21 to 03:07:36*). Dr. Hackbart provided a brief update on the recent discussions and decisions made regarding asset allocation. Mr. Willer and Mr. Chiu presented the CERS Asset Allocation Recommendation Executive Summary. Next, he provided an overview of the Specialty Credit asset class, as well as detailed current and historical information on CERS Specialty Credit holdings.

Dr. Hackbart and Mr. Cheatham stated that further reflection on the asset allocation was needed.

After considerable discussion, Mr. Fulkerson made a motion to send the revisions to the CERS Asset Allocation to the CERS Investment Committee for further review. Mr. Powell seconded the motion and the motion passed unanimously.

Mr. Cheatham introduced agenda item ***CERS Strategic Plan*** (*Video 03:07:37 to 03:10:07*). Ms. Pendergrass provided a brief update and overview of the 2024-2028 CERS Strategic Plan.

Mr. Cheatham introduced agenda item ***Staff Reports*** (*Video 03:10:08 to 03:13:26*).

Mr. Owens presented a written CEO Update. He advised that all Trustees with an education year ending March 31st had completed their required 2023-2024 training hours.

Mr. Eager provided the CERS Board of Trustees with a written update as well. He announced that

the KPPA Housekeeping Bill (HB 99) had been passed and signed by the Governor. He briefly highlighted historical retirement trends.

Mr. Cheatham introduced agenda item **Closed Session** (*Video 03:13:27 to 03:15:06*). Mr. Powell made a motion to enter closed session to discuss pending litigation pursuant to KRS 61.810(c). The motion was seconded by Dr. Carver and passed unanimously.

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

****Mr. Fulkerson exited the meeting prior to the start of Closed Session****

****Only Trustees, KPPA Office of Legal Services staff members, and Ms. Rankin were permitted to attend the Closed Session****

Closed Session (*Video - Part 2 - 00:00:44 to 00:01:33*).

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

Mr. Cheatham opened the floor for adjournment. Ms. Pendergrass made a motion and was seconded by Dr. Carver to **adjourn** the meeting. The motion passed unanimously.

Copies of all documents presented are incorporated as part of the Minutes of the Board of Trustees held April 8, 2024, 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 Trustees on the various items considered by it at this meeting. Further, I certify that all requirements of KRS 61.805-61.850 were met in conjunction with this meeting.

Recording Secretary

I, the Chair of the Board of Trustees of the County Employees Retirement System, do certify that the Minutes of Meeting held on April 8, 2024, were approved on May 28, 2024.

Chair of the Board of Trustees

I have reviewed the Minutes of the April 8, 2024, Board of Trustees Meeting for content, form, and legality.

Executive Director
Office of Legal Services

COUNTY EMPLOYEES RETIREMENT SYSTEM
BOARD OF TRUSTEES
**STATEMENT OF BYLAWS AND COMMITTEE
ORGANIZATION**

*Revised: **May 28, 2024***

Section 1.1—General Administration

This Statement of Bylaws and Committee Organization of the Board of Trustees of the County Employees Retirement System (CERS) is adopted pursuant to the authority of KRS 78.782(2). State and Federal law shall control any inconsistency that exists or may exist between the law and this Statement of Bylaws and Committee Organization.

a. Definitions:

1. AAC: “AAC” refers to the Joint CERS and Kentucky Retirement Systems’ Administrative Appeals Committee.
2. Board: “The CERS Board” refers to the CERS Board of Trustees of the County Employees Retirement System.
3. Board Year: The CERS Board Year shall be from April 1 of each calendar year through March 31 of the following year.
4. Bylaws: “Bylaws” refers to the Statement of Bylaws and Committee Organization.
5. CEO: “CEO” refers to CERS Chief Executive Officer, as outlined in KRS 78.782(9) & (10).
6. CIO: “CIO” refers to KPPA Executive Director Office of Investments.
7. DAC: “DAC” refers to the Joint CERS and Kentucky Retirement Systems’ Disability Appeals Committee.
8. KPPA: “KPPA” refers to the Kentucky Public Pensions Authority.
9. KRS: “KRS” refers to the Kentucky Revised Statutes.
10. Committee Member: “Committee member” or “member” used in relation to a Committee refers to a member of the CERS Board of Trustees of the County Employee Retirement System serving on its Standing or ad hoc Committees.
11. Member: “Member” or “members” used in relation to individuals participating in a system (or System) administered by the Kentucky Public Pensions Authority refers to individuals who are active members (i.e., currently participating as an employee), inactive members (i.e., formerly participated as an employee, but is not currently participating as an employee, has not retired, and has not taken a refund), or retired.
12. Retirement Office: “Retirement Office” refers to the offices of the KPPA located at 1260 Louisville Road, Frankfort, Kentucky 40601.
13. Take action on: “Take action on” used in relation to the Board refers to a motion being made, seconded, and voted upon by the Board in compliance with Robert’s Rules of Order. [RONR (11th ed., as amended)].

14. Trustee: "Trustee" refers to a member of the Board of Trustees of the County Employees Retirement System.
- b. Quorum; Parliamentary Authority:
 1. CERS Board of Trustees: As required by KRS 78.782(8)(c), a majority of the trustees shall constitute a quorum and all actions taken by the CERS Board shall be by affirmative vote of a majority of the trustees present.
 2. Committees of the CERS Board of Trustees: A majority of the trustees on any Committee of the Board appointed pursuant to Sections 2.1-2.5 of these Bylaws shall constitute a quorum of the Committee and all actions taken by the Committee shall be by affirmative vote of a majority of the Committee trustees present.
 3. The most recent edition of Robert's Rules of Order shall be the parliamentary authority. [RONR (11th ed., as amended)], except that if any Committee of the Board is comprised of five (5) or more trustees, the Committee shall not constitute a quorum of the Board and the Board shall be required to action on all preliminary decision made by the Committee, unless otherwise specified by these Bylaws.
- c. Meetings: Meetings of the CERS Board and its Committees shall be conducted consistent with the Open Meetings Act, KRS 61.805 to 61.850. The Open Meetings Act shall control if any inconsistency exists between the Open Meetings Act and these Bylaws.
- d. Annual Meeting: The annual meeting of the CERS Board shall be held on the third Wednesday of April of each Board Year.
- e. Regular Meetings: Regular meetings of the Board shall be held on the **third Wednesday of March, April, June, and September, the first Wednesday of November, and the 1st Monday of December at times selected by the Board Chair.**
- f. Special Meetings:
 1. Special meetings of the Board shall be held upon the call of the Chair of the CERS Board or the CERS CEO.
 2. Special meetings of a Standing or ad hoc Committee of the CERS Board of Trustees shall be held upon the call of the CERS Committee Chair or the CERS CEO.
 3. A trustee may request that the CERS CEO, Chair of the CERS Board (in the case of a special meeting of the CERS Board), or CERS Committee Chair (in the case of a special meeting of a Committee) call a special meeting by email or other written means. Upon receipt of email or other written requests to call a special meeting from a majority of the trustees, the CERS CEO, CERS Board Chair, or CERS Committee Chair shall call the requested special meeting.
- g. Notice of Meetings:
 1. Regular Meetings: Notice of a regular meeting of the CERS Board shall be posted at least seven (7) days (inclusive of weekends and holidays) before the meeting is scheduled. The notice of a regular meeting shall include the date, time, and location of the meeting, and the agenda for the meeting. The agenda shall be determined under the direction of and approval by the Chair of the CERS Board. Changes or revisions to the agenda may be proposed by the CERS CEO or a trustee; provided such proposal shall be delivered to the CERS Chair for approval not less than ninety-six (96) hours before the meeting is scheduled; and further provided that nothing in this sentence shall deprive a trustee from introducing new items of business during a regular meeting. Approved changes or revisions to

the agenda shall be posted not less than seventy-two (72) hours before the meeting is scheduled.

2. **Special Meetings:** When circumstances warrant a special meeting of the CERS Board or of a Committee, notice shall be posted as soon as reasonably possible, but not less than twenty-four (24) hours before the meeting is scheduled. The notice of a special meeting shall include the date, time, and location of the special meeting and the agenda for the meeting. Discussions and action at the meeting shall be limited to items listed on the agenda in the notice.
- h. **Change in Meeting Dates:** Any regular or special meeting of the CERS Board may be changed by following the procedure prescribed in these Bylaws for calling special meetings.
- i. **Records of Proceedings:** All official acts of the CERS Board shall be recorded in the minutes of the regular or special meeting at which the action was approved or adopted. The CERS CEO shall cause the minutes to be transcribed and presented for approval or amendment at the next regular or special meeting. An electronic copy (certified by the Chair of the CERS Board and CERS CEO) shall be on file in the Retirement Office for public inspection and posted to the KPPA website hosted for CERS. Electronic copies are maintained on the KPPA Website for Board and Committee actions. Copies that have been archived from the website are available on request.
- j. **Chair and Vice-Chair of the CERS Board:** The CERS Board shall elect a Chair and a Vice-Chair at each annual meeting to hold office for the ensuing CERS Board Year or until their successors are elected. The CERS Chair shall not serve more than four (4) consecutive years as Chair or Vice-Chair of the CERS Board. The CERS Vice-Chair shall not serve more than four (4) consecutive years as Chair or Vice-Chair of the CERS Board. A trustee who has served four (4) consecutive years as Chair or Vice-Chair of the CERS Board may be elected Chair or Vice-Chair of the CERS Board after an absence of two (2) years from both positions.
- k. **CERS Committees:** The CERS Board may create CERS Committees with such powers and duties as established by the CERS Board. The Chair of the CERS Board, unless otherwise stipulated or determined by the CERS Board, shall appoint the members of each CERS Standing or CERS Ad Hoc Committee, and such appointments shall be recorded in the minutes of the current or next-following regular or special CERS Board meeting. CERS Committee members shall serve concurrently with the appointing Chair.
- l. **Conflicts of Interest:**
 1. CERS Trustees shall file a statement of financial disclosure with the Executive Branch Ethics Commission within thirty (30) days of taking office.
 2. CERS Trustees shall also file a statement of financial disclosure by April 15 of each calendar year, and within thirty (30) days following departure from office as a CERS Trustee, or as otherwise provided by law.
 3. CERS Trustees shall also file a written conflict of interest statement as required pursuant to the County Employees Retirement System's Conflict of Interest.
- m. **Confidentiality:** CERS Trustees shall file a written confidentiality statement as required by the CERS Confidentiality Policy.
- n. **Travel Policy Guidelines:**
 1. All travel for official business of the County Employees Retirement System must be done in accordance with the requirements of and be consistent with KRS Chapter 45A and the

County Employees Retirement System Board of Trustees Per Diem and Reimbursement Policy.

2. No more than four (4) CERS Trustees may be passengers in the same common carrier. A Maximum of one (1) executive staff of the County Employees Retirement System may be passengers in the same common carrier.
3. To avoid an accidental violation of Kentucky Open Meetings Laws, other than for CERS scheduled meetings, no more than four (4) CERS Trustees may attend the same off-site conference, training, etc., at the same time. The CERS CEO shall review Trustee travel requests to coordinate attendance and avoid noncompliance with Kentucky Open Meetings Laws.
- o. Election Policy Guidelines: All elections for elected trustees of the CERS Board must be conducted in accordance with the provisions of KRS 78.782(4), 105 KAR 1:445 and the County Employees Retirement System Board of Trustees Election Policy and Procedures adopted by the CERS Board.
- p. Violations of Board Policies and Guidelines: If a complaint is made that a CERS Trustee violated these Bylaws or any policy approved by the CERS Board, the CERS Board shall follow the procedure found in the CERS Conflict of Interest or the CERS Confidentiality Policy in investigating the complaint.

Section 1.2 CERS BOARD RESPONSIBILITIES.

- a. The CERS Board shall make and maintain Bylaws.
- b. The CERS Board shall appoint a CEO and fix the CERS CEO's compensation.
- c. The CERS Board shall appoint a General Counsel and fix the CERS General Counsel's compensation.
- d. The CERS Board shall adopt a Personnel Management policy to outline the job descriptions, qualifications, education, and skills for both the CEO and the General Counsel. This policy should also describe recruitment strategies, performance evaluations, and succession planning for these two positions.
- e. The CERS Board may act on contracts for rental of office space, and professional services, including, but not limited to, the auditor, legal counsel, in accordance with the requirements of the Commonwealth of Kentucky Model Procurement Act (KRS Chapter 45A).
- f. The CERS Board shall consider and take action on changes to administrative regulations proposed by the staff of the CERS and KPPA.
- g. The CERS Board shall take action on the audited financial statements.
- h. The CERS Board shall consider and take action on the recommendations of all of its Committees, except that:
 1. AAC and DAC shall have the authority to act upon the recommendations and reports of the hearing officer on behalf of the CERS Board in accordance with KRS Chapter 13B, and
 2. Pursuant to KRS 78.790(1)(b)(2), The CERS Board's Investment Committee shall have the authority to act on behalf of the CERS Board on all investment-related matters, though the CERS Board shall be kept informed of all such matters and shall be responsible for providing oversight on all investment-related matters in compliance with the fiduciary responsibilities of the CERS Board, state and federal law, and the CERS Board's Bylaws and

Policies. All investment policies shall be adopted by the CERS Board and the CERS Investment Committee shall implement those policies.

- i. The CERS Board shall work with an actuary, who shall be a Fellow of the Conference of Consulting Actuaries or a member of the American Academy of Actuaries. KPPA will select and contract with the actuary pursuant to KRS 78.782(2) which allows the Board to carry out its obligations in accordance with KRS 78.784. The Board shall consider and take action on the recommendations of its actuary, including, but not limited to, determining the recommended contribution rates for employers in accordance with KRS 78.510 to 78.852.
- j. The CERS Board shall adopt contribution rates toward medical insurance premiums.
- k. The CERS Board shall provide oversight concerning programs and services for County Employees Retirement System members, beneficiaries, recipients, and participating employers.
- l. The Board will review and recommend statutory changes to the General Assembly related to the administration of benefits and compliance with federal law and determine which changes are in the best interests of the CERS plans.
- m. The CERS Board shall select candidates for each trustee ballot as provided in KRS 78.782(4), and 105 KAR 1:445.
- n. The CERS Board shall establish a formal trustee education program for all trustees of the CERS Board, pursuant to the requirements of KRS 78.782(17) and 105 KAR 1:440 and ensure that CEO organizes process for this trustee education to occur.
- o. The CERS Board shall collaborate with KPPA on Business Continuity and Disaster Recovery to ensure that CERS records and operations are adequately protected and that critical business operations will continue efficiently. The CERS Board may rely on policies and procedures developed by KPPA to address Business Continuity and Disaster Recovery issues. The CERS Board Chair shall act as temporary CERS CEO in the event the CERS CEO is not available to perform duties outlined in these Bylaws.
- p. The CERS Board, and individual trustees, should ordinarily refer all news media inquiries to the CERS CEO and/or the CERS Board Chair, and should not speak on behalf of the CERS Board or County Employees Retirement System with the news media. However, nothing in this subsection is intended to prevent individual trustees from speaking to the media concerning their actions, opinions, and decisions as individual Trustees, The Board designates the Executive Director of the KPPA, or his designee as the custodian of records for the CERS.

Section 1.3 CHIEF EXECUTIVE OFFICER RESPONSIBILITIES.

- a. The CERS CEO shall ensure that all Board and/or Committee meeting materials are distributed to Trustees at least one week in advance of the meeting to allow Trustees ample time to review documents. The CERS CEO will collaborate with the KPPA Executive Director to identify materials that will be relevant to Board or Committee discussions and assist with compilation of those materials for distribution.
- b. The CERS CEO shall develop a biennial budget and necessary budget amendments for approval by CERS Board. The CERS CEO will coordinate approved budget requests with the KPPA Executive Director to ensure that CERS budget requests are integrated with the KPPA budget request for submission to the Governor's office. The CERS CEO (or designee) shall present a budget-to-actual expenditure analysis to the CERS Board at each regular quarterly meeting of the CERS Board.

- c. The CERS CEO shall be responsible for working with the KPPA Executive Director to ensure compliance with meeting notice and open records legal and regulatory requirements. The CERS CEO shall also be responsible (in collaboration with KPPA staff) for compiling all relevant materials for consideration by the CERS Board or its Committees and strive to distribute materials to Trustees at least one week prior to the Board or Committee meeting. All materials must be distributed to Trustees in a timely fashion to ensure adequate time for Trustees to review and analyze information prior to the Board or Committee meeting.
- d. The CERS CEO shall coordinate with KPPA staff to ensure that information and record management is comprehensive and efficient, and shall ensure that a disaster recovery plan, continuity of operations plan, and policies to ensure cyber security are developed and maintained.
- e. The CERS CEO shall be responsible for implementing a formal trustee education program for all trustees of the CERS Board, pursuant to the requirements of KRS 78.782(17).
- f. The CERS CEO shall develop recommendations for improvements and revisions of CERS Board policies and submit such revisions for CERS Board approval. CERS CEO shall ensure that approved policies are implemented in conformance with statutes, regulations, and CERS Board policies.
- g. The CERS CEO shall collaborate with CERS General Counsel and KPPA Legal staff to monitor litigation affecting CERS plans. CERS CEO and CERS General Counsel shall report significant developments to the CERS Board.
- h. The CERS CEO shall be responsible for oversight of CERS investment management to ensure that CERS investments are made in a manner consistent with policies promulgated by the CERS Investment Committee and approved by the CERS Board. In carrying out such responsibilities, the CERS CEO will monitor CERS investment policy compliance, investment performance, and ensure timely reporting to the CERS Board of oversight and monitoring concerns and actions.
- i. The CERS CEO will ensure that the KPPA Legislation Status Chart is provided to CERS Trustees and will schedule meetings based on an assessment of the impact of proposed legislation. The CERS CEO and CERS General Counsel may also prepare draft changes to Kentucky Revised Statutes based on CERS Board recommendations, as well as housekeeping revisions to address technical issues and present them to Committee members prior to the date of a meeting. CERS CEO and General Counsel will research the impact of proposed changes and report the results to the Committee. CERS CEO and General Counsel will also make preliminary contacts with legislators, employers, and interest groups to assist in formulating legislation to accommodate all interested parties. CERS CEO, General Counsel, and CERS Board Chair will work with the General Assembly, Legislative Research Commission, the Governor's Office, KPPA, and interest groups to advocate for passage of the Board's legislative proposals, or advocate for other interests supported by the Board.
- j. The CERS CEO shall act as legislative liaison and represent the CERS Board at legislative hearings and other legislative meetings. CERS CEO and General Counsel will review proposed legislation that is likely to impact CERS plan or administrative management and advise the CERS Board about pending legislation.
- k. The CERS CEO shall provide technical assistance to the members of the General Assembly, Governor's office, and state and local government officials, as well as members, recipients, and beneficiaries of the County Employees Retirement System.

- l. The CERS CEO shall recommend legislative or regulatory changes and propose draft language. These recommendations shall be presented to the CERS Board for review and approval.
- m. The CERS CEO shall implement any statutory or regulatory changes and take appropriate action to conform to federal law. CERS CEO shall also collaborate with KPPA Executive Director to monitor implementation of any changes designated as KPPA's responsibilities.
- n. The CERS CEO shall sign all documents necessary to promulgate or amend an administrative regulation on behalf of the CERS Board as the head of the County Employees Retirement System in accordance with KRS 13A.220.
- o. The CERS CEO shall communicate with the mass media and other agencies, entities or institutions, and CERS stakeholders, including responding to correspondence or inquiries addressed to the CERS Board.
- p. The CERS CEO shall develop written procedures for completing the responsibilities outlined in these Bylaws. The CERS CEO shall collaborate with the KPPA administrative staff to coordinate key operational provisions specific to CERS, including but not limited to access codes for CERS Board files, equipment, and software maintained by the CERS CEO, key Trustee and vendor contact information, or other organizational information in the event that the CERS CEO is not available to perform the duties outlined in these Bylaws.
- q. The CERS CEO shall collaborate with the KPPA Executive Director on issues related to benefits administration and to coordinate reciprocal benefits with the other state administered retirement systems in Kentucky.
- r. In the case of emergency conditions that threaten the functioning of the County Employees Retirement System, the preservation or protection County Employees Retirement System's property or assets, vital data, or the health and safety of any person, and where a quorum of the CERS Board is unavailable, the CERS CEO may take actions necessary to prevent or mitigate the threat, even if a vote of the CERS Board would otherwise be necessary to take such action. When a quorum of the CERS Board becomes available, any such actions taken by the CERS CEO shall be reviewed and ratified, as necessary.

Section 2.1 STANDING COMMITTEES.

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

Section 2.2 STANDING COMMITTEES; DUTIES AND RESPONSIBILITIES.

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

- a. Actuarial Committee: The CERS Actuarial Committee shall **have at least three (3) and up to five (5) members. Membership of the Committee must** include (i) one (1) trustee with retirement administration experience appointed by the Governor pursuant to KRS 78.782(2)(b)(1-3); (ii) one (1) trustee elected by members of the County Employees Retirement System; and (iii) one (1) trustee with investment experience appointed by the Governor pursuant to KRS 78.782(2)(b)(4-6).
 1. Committee Responsibilities:
 - A. The Committee will meet **on the second Wednesday of February and April and the fourth Wednesday of October,** with authority to convene additional meetings, as circumstances require. Additional meetings may be convened in conjunction with experience studies or significant changes to federal or state statutory guidance for CERS.
 - B. The CERS Actuarial Committee will review and evaluate actuarial assumptions, funding methods and tables proposed by the actuary (including without limitation all economic, mortality, disability, etc., assumptions) for each plan within County Employees Retirement System that affect: (i) the annual determination of the actuarial valuation of assets and liabilities of the System within the meaning of KRS 78.784; (ii) the factors that apply to amounts payable to members (e.g., early commencement, commutation, repayment, etc.); and (iii) the actuarially recommended contribution rate for employers required under KRS 78, except as otherwise determined by law or regulation,
 - C. The CERS Actuarial Committee will report its findings and recommendations of each such review or evaluation to the CERS Board for the CERS Board to determine appropriate implementation and action.
- b. Administrative Appeals Committee: The CERS Board shall collaborate with the Kentucky Retirement Systems' Board to develop a timely disability and administrative appeals process. The CERS Board and the KRS Board will coordinate the Administrative Appeals process with one AAC for each Board. These AAC's may be combined with the DACs (Section 2.2(d), in compliance KRS 61.645(16) and KRS 78.782(16). Consistent with the provisions of KRS Chapter 13B, the AACs shall meet in alternate months, as needed, to act in matters of administrative appeals. Each Committee shall consist of three (3) members; however, the members appointed to one committee may also serve from time to time on the other Committee. One of the

AAC shall consist of two (2) CERS Trustees and one (1) Kentucky Retirement Systems trustee. The other AAC shall consist of one (1) CERS Trustee and two (2) Kentucky Retirement Systems trustees. The AACs shall ensure that the laws governing CERS are administered impartially and uniformly, and that the actions of the CERS resulting in the appeal were correct and fair under the applicable statutes and regulations.

1. AAC Responsibilities: In matters of administrative appeals, the Committee members shall consider the administrative record, including the recommended order and any exceptions filed in compliance with KRS 13B.120. The AAC shall act on behalf of the entire CERS Board as the agency head in making a final order of the CERS Board in accordance with KRS 13B.120. The Committee may adopt the hearing officer's recommended order; or it may reject or modify, in whole or in part, the recommended order; or it may remand the matter, in whole or in part, to the hearing officer for further proceedings as appropriate; or it may act on cases properly remanded by a court of competent jurisdiction. The Committee may also recommend legislative changes to improve the administration of the benefits. Any recommended legislative changes shall be referred to the CERS CEO for study and development for the CERS review and approval.
 2. KPPA Executive Director Office of Benefits Responsibilities: The Executive Director, KPPA Office of Benefits or designated staff, in coordination with KPPA Legal Staff, will coordinate meeting dates and determine which cases will be reviewed by each AAC. Designated staff will compile the administrative records and distribute the files to the Committee members prior to each meeting. KPPA Legal Staff may provide legal or technical advice to the Committee.
- c. Finance Committee: The Committee shall consist of not less than three (3) and not more than five (5) members and will act on behalf of the CERS Board in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, the internal and external audit processes, and the process for monitoring compliance with laws, regulations, and the applicable codes of conduct.
1. Committee Responsibilities:
 - A. The Finance Committee will meet quarterly, with authority to convene additional meetings, as circumstances require. The regular quarterly meetings shall be held **on the third Monday of February, May, and August, and the fourth Monday of November** at times selected by the Finance Committee Chair.
 - B. The Finance Committee shall have the authority to review reports by the KPPA Internal Audit Administration and to recommend appropriate policies and procedures to KPPA.
 - C. The Finance Committee shall review the job descriptions for the employees whose names have been certified by the applicable authority to meet the criteria of KRS 61.592 and 105 KAR 1:130 for hazardous duty, and also those employees who have been so certified who are not, or who no longer are, working in a hazardous duty position. Upon review and approval, the Finance Committee shall forward the results and its recommendations for the appropriate classification as hazardous or nonhazardous duty to the CERS Board for approval and ratification.
 2. The Finance Committee shall review interim financial reports and budget-to-actual comparisons for administrative budgets. Financial reports shall include, but are not limited to, statement of net position, statement of changes in net financial position, cash flow

- reports, accounts receivable, and collection activity reports for each plan (pension and insurance, nonhazardous and hazardous).
3. The Finance Committee may request internal audits to analyze specific issues relevant to CERS plan management, investment performance, or administration.
 4. Audit Charters: The KPPA Division of Internal Audit Charter are hereby incorporated by reference.
 5. Budget: The Finance Committee shall review the County Employees Retirement System's biennial administrative budget and necessary budget amendments.
- d. Disability Appeals Committee: The CERS Board shall collaborate with the Kentucky Retirement Systems' Board to develop a timely disability and administrative appeals process. The CERS Board and the KRS Board will coordinate the Disability Appeals process with one DAC for each Board. These DAC's may be combined with the AACs (Section 2.2(b), in compliance KRS 61.645(16) and KRS 78.782(16). Consistent with the provisions of KRS Chapter 13B, the DACs shall meet in alternate months, as needed, to act in matters of administrative appeals. Each Committee shall consist of three (3) members; however, the members appointed to one committee may also serve from time to time on the other Committee. One of the DAC shall consist of two (2) CERS Trustees and one (1) Kentucky Retirement Systems trustee. The other DAC shall consist of one (1) CERS Trustee and two (2) Kentucky Retirement Systems trustees. The DACs shall ensure that the laws governing CERS are administered impartially and uniformly, and that the actions of the CERS resulting in the appeal were correct and fair under the applicable statutes and regulations.
1. Committee Responsibilities: In matters of disability appeals, the Committee members shall consider the administrative record, including the recommended order and any exceptions filed in compliance with KRS 13B.120. The Committee shall act on behalf of the entire CERS Board as the agency head in making a final order of the CERS Board in accordance with KRS 13B.120. The Committee may adopt the hearing officer's recommended order; or it may reject or modify, in whole or in part, the recommended order; or it may remand the matter, in whole or in part, to the hearing officer for further proceedings as appropriate; or it may act on cases properly remanded by a court of competent jurisdiction. The Committee may also recommend legislative changes to improve the administration of the benefits. Any recommended legislative changes shall be referred to the CERS CEO for study and development for the CERS Board review and approval.
 2. KPPA Executive Director Office of Benefits Responsibilities: The Executive Director, KPPA Office of Benefits, or designated staff, in coordination with KPPA Office of Legal Services staff, will coordinate meeting dates and determine which cases will be reviewed. Designated staff will compile the administrative records and distribute the files to the Committee members prior to each meeting. Staff may provide legal or technical advice to the Committee.
- e. Investment Committee: The Committee shall consist of **five (5)** members, as follows: the three (3) trustees appointed by the Governor pursuant to KRS 78.782(2)(b)(4-6) (investment experience), and **two (2) trustees** appointed by the CERS Board Chair.
1. Committee Responsibilities:
 - A. Pursuant to KRS 78.790, the CERS Investment Committee shall have authority to implement the investment policies adopted by the Board, including without limitation the CERS Board's Statement of Investment Policy (pensions and health), and to act on

behalf of the CERS Board on all investment-related matters, and to acquire, sell, safeguard, monitor, and manage the assets and securities of the several funds.

- B. The CERS Investment Committee will meet at least quarterly to review reports from investment staff, investment consultants, and investment managers with authority to convene additional meetings as circumstances require. The regular quarterly meetings shall be held **on the fourth Wednesday of February, May, and August and the fourth Tuesday of November** at times selected by the Investment Committee Chair.
 - C. The CERS Investment Committee will monitor investment performance and management practices and make reports and recommendations to the CERS Board. The CERS Investment Committee will approve the selection and termination of service providers. The CERS Investment Committee will evaluate whether the Investment Policy, the investment activities, and management controls and processes continue to be consistent with meeting the County Employees Retirement System's financial and plan management goals, and perform other duties specified in the Statement of investment Policy.
 - D. The Investment Committee may also recommend legislative changes to the CERS CEO and CERS Board to improve the administration of investment related matters.
2. Collaboration with KPPA Executive Director, Office of Investments (CIO):
- A. The CIO shall administer the assets of the County Employees Retirement System consistent with the policies, guidelines, and limits established by the law, the CERS Investment Committee and the CERS Statement of Investment Policy.
 - B. The CERS CEO will collaborate with the KPPA CIO to develop and monitor investment management and investment performance reporting for the CERS Investment Committee and CERS Board.
 - C. The KPPA CIO and CERS CEO shall provide members of the CERS Investment Committee with assessments of service providers and performance reports.
 - D. The KPPA CIO and CERS CEO shall identify issues for consideration by the CERS Investment Committee and prepare recommendations regarding those issues.
 - E. The CIO and CERS CEO shall recommend changes to the Investment Committee regarding service providers, statutes, policies, or guidelines, as needed, to maintain a productive relationship between the investment program and its goals.
 - F. The CIO and/or CERS CEO shall communicate with the mass media and other agencies, entities, or institutions regarding investment related issues.
3. CERS Investment Policy: The "CERS Investment Policy Statement: Pension Funds," the "CERS Investment Policy Statement: Insurance," and the "CERS Investment Procurement Policy" are hereby incorporated by reference.
- f. Joint Kentucky Retirement Systems and CERS Retiree Health Plan Committee:
The Committee shall consist of four (4) Trustees, including two (2) Trustees appointed from the CERS Board by the CERS Chair and two (2) Trustees appointed from the Kentucky Retirement Systems Board by the Kentucky Retirement Systems' Chair. The Committee shall elect a Chair and Vice Chair and shall assist the CERS and KRS Boards in providing a group hospital and medical insurance plan for present and future recipients of a retirement allowance from the systems administered by County Employees Retirement System as required by KRS 61.702.

1. Committee Responsibilities:
 - A. The Committee will meet quarterly to review reports from KPPA staff and retiree health insurance consultants with authority to convene additional meetings, as circumstances require. The regular quarterly meetings shall be held at those times selected by the Joint Retiree Health Plan Committee Chair.
 - B. The Committee will monitor retiree health insurance matters and make reports and recommendations to the CERS and KRS Boards. The Committee will evaluate retiree health insurance issues and obligations set forth in state and federal law. The Committee may, as deemed necessary, evaluate health insurance companies, health maintenance organizations, self-insurance proposals, and other ways of providing a group hospital and medical insurance plan for retired members as provided in KRS 61.702.
 - C. The Committee may negotiate and recommend appropriate contracts for execution by the CERS & KRS Boards, in accordance with the requirements of the Commonwealth of Kentucky Model Procurement Act (KRS 45A). The Committee may solicit reports and actuarial analyses in order to analyze issues regarding retiree health insurance. The Committee may also recommend legislative changes to improve the administration of retiree health insurance related matters. Any recommended legislative changes shall be referred to the CEO for study and development.
2. KPPA Executive Director Responsibilities: The KPPA Executive Director and designated staff will maintain and provide the Committee with necessary information to execute its responsibilities. The KPPA Executive Director or designated staff will provide advice regarding state and federal laws and regulations. KPPA Administrative Staff will identify issues for consideration by the Committee and prepare recommendations regarding those issues.
- g. Personnel Committee: The CERS Personnel Committee shall include **at least three (3) and up to five (5) members** appointed from the CERS Board by the CERS Chair. Members should have relevant experience for personnel management and/or legal expertise for personnel laws and regulations.
 1. Committee Responsibilities:
 - A. The Committee will meet semi-annually, with authority to convene additional meetings, as circumstances require. The regular meetings **shall be held on the second Tuesday of January and June at a time selected by the Committee Chair**. Special meetings may be convened in conjunction with the need to evaluate, advise, coach, or reprimand any CERS employee or professional services contract provider.
 - B. The CERS Personnel Committee will recommend to the full Board of Trustees the appropriate number of employees and professional service contract providers to be employed by CERS. The CERS Personnel Committee will establish job descriptions and performance goals for all CERS employees and professional service contract providers. The Committee will evaluate the job performance of all CERS employees and make recommendations to the full Board of Trustees concerning employee compensation, retention, and potential disciplinary action, if needed.
 - C. The Personnel Committee will work closely with the KPPA Human Resources Department to identify and implement best practices for employee development and training opportunities. The Personnel Committee will endeavor not to replicate services

currently provided by KPPA Human Resources Department which are made available to CERS employees and professional services contract providers.

- D. The CERS Personnel Committee will report its findings and recommendations of each such review or evaluation to the CERS Board for the CERS Board of Trustees to determine appropriate implementation and action.
- h. In addition to the duties and responsibilities described in this Section 2.2, each Standing Committee may develop appropriate additional policies and proposals to be ratified by the CERS Board.

Section 2.3 DELEGATIONS OF AUTHORITY BY THE CERS BOARD

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

Section 2.4 AD HOC COMMITTEES

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

Section 2.5 KPPA COMMITTEES

The CERS Board of Trustees shall collaborate with Committees established by the Kentucky Public Pensions Authority to develop administrative and benefit management policies as necessary for the County Employees Retirement System.

Section 2.6 LIMITATIONS ON AUTHORITY

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

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

Section 2.7 AMENDMENT OF BYLAWS

These Bylaws may be amended by presenting the proposed amendments at any regular or special meeting of the CERS Board of Trustees. Proposed amendments shall also be presented at a subsequent regular or special meeting of the CERS Board of Trustees. The subsequent meeting shall be scheduled no less than 48 hours after the meeting to first present the proposed amendments. Proposed amendments shall be posted on the KPPA website between the first and second presentation of the recommendations. Approval of proposed amendments to Bylaws requires a vote of a majority of the entire membership of the CERS Board for approval.

Section 3.0 CERTIFICATION OF STATEMENT OF BYLAWS AND COMMITTEE ORGANIZATION

We, the Chair of the CERS Board of Trustees and the Chief Executive Officer of the County Employees Retirement System, do certify that this Statement of Bylaws and Committee Organization was approved and adopted by the CERS Board of Trustees on the _____ day, of June _____ 2024.

Chair, Board of Trustees

Date

CERS Chief Executive Officer

Date