



**County Employees Retirement System
Board of Trustees – Regular Quarterly Meeting
September 13, 2023, at 2:00 pm ET (1:00 pm CT)
Live Video Conference/Facebook Live**

AGENDA

- | | | |
|-----|---|-------------------|
| 1. | Call to Order | Betty Pendergrass |
| 2. | Opening Statement | Eric Branco |
| 3. | Roll Call | Sherry Rankin |
| 4. | Public Comment | Sherry Rankin |
| 5. | Approval of Minutes* -- June 14, 2023 and July 12, 2023 | Betty Pendergrass |
| 6. | Finance Committee Report | Bill O'Mara |
| | a. Hazardous duty requests* | D'Juan Surratt |
| | b. Agency participation requests* | D'Juan Surratt |
| | c. Quarterly financial reports | Mike Lamb |
| | d. Cyber Insurance Policy | Mike Lamb |
| | e. FY25-26 Biennial Budget Recommendation | Mike Lamb |
| 7. | KPPA Audit Committee Report | Bill O'Mara |
| | a. Audit committee agenda | Bill O'Mara |
| | b. Internal Audit projects | Kristen Coffey |
| 8. | Joint Retiree Health Plan Committee Report* | Jerry Powell |
| | a. 2024 KEHP plan | Jerry Powell |
| | b. 2024 Humana Medicare plan | Jerry Powell |
| | c. Humana negotiation with Baptist Health Medical Group | Jerry Powell |
| | d. Humana business plans | Jerry Powell |
| 9. | Investment Committee Report | Dr. Merl Hackbart |
| | a. Investment Office quarterly update | Steve Willer |
| | b. Investment administrative budget | Steve Willer |
| 10. | Administrative | Betty Pendergrass |
| | a. Bylaw amendments* | Ed Owens, III |
| | b. Strategic Plan | Ed Owens, III |
| | c. CEO Report | David Eager |
| | d. KPPA Update | |
| 11. | Closed Session* | Eric Branco |
| 12. | Adjourn | Betty Pendergrass |

*Board May Take Action

**MINUTES OF MEETING
COUNTY EMPLOYEES RETIREMENT SYSTEM
BOARD OF TRUSTEES MEETING
JUNE 14, 2023, AT 2:00 P.M. ET
VIA LIVE VIDEO TELECONFERENCE**

At the Meeting of the County Employees Retirement System Board of Trustees held on June 14, 2023, the following members were present: Betty Pendergrass (Chair), Dr. Patricia Carver, George Cheatham, Michael Foster, JT Fulkerson, Dr. Merl Hackbart, Dr. Martin Milkman, William O'Mara, and Jerry Powell. Staff members present were CERS CEO Ed Owens, III, David Eager, Rebecca Adkins, Erin Surratt, Lori Casey, Connie Pettyjohn, Michael Lamb, Connie Davis, Michael Board, Victoria Hale, D'Juan Surratt, Steve Willer, Anthony Chiu, Jared Crawford, Madeline Perry, Matthew Daugherty, Ashley Gabbard, Katie Park, Shaun Case, and Sherry Rankin. Others present included Craig Morton and Chris Tessman with Wilshire, Tracey Garrison and Carla Whaley with Humana, and Eric Branco with Johnson Bowman Branco, LLP.

Ms. Pendergrass called the meeting to order.

Mr. Branco read the Legal Opening Statement.

Ms. Rankin called Roll.

There being no **Public Comment** received, Ms. Pendergrass introduced agenda item **Approval of Minutes – April 6, 2023, April 19, 2023, and May 9, 2023** (Video 00:08:50 to 00:09:34). Mr. O'Mara made a motion to approve all minutes as presented and was seconded by Dr. Hackbart. The motion passed unanimously.

Ms. Pendergrass introduced agenda item **Personnel Committee Report** (Video 00:09:35 to 00:26:12). Mr. Fulkerson stated that the CERS Personnel Committee met on January 10, 2023, and June 5, 2023. The CERS Personnel Manual and the Renewal of the CERS CEO Contract were approved by the Committee, said Mr. Fulkerson. The CERS CEO Mid-Year Evaluation was also reviewed and discussed. The CERS Personnel Committee requested that the CERS Board ratify the actions of the CERS Personnel Committee.

Dr. Milkman requested that a bachelor's degree in economics be included to CERS Personnel Manual Section 3.03 CERS CEO Qualifications, Education and Experience (1). Mr. O'Mara requested that the following sentence in Section 3.02 CEO Position Description and Summary of Duties (2) be removed from the CERS Personnel Manual: The CERS CEO (or designee) shall present a budget-to-actual expenditure analysis to the CERS Board at each regular quarterly meeting. Mr. Powell made a motion to approve the CERS Personnel Manual as amended. The motion was seconded by Dr. Milkman and the motion passed unanimously.

Ms. Pendergrass advised that the performance goals within the CERS CEO Mid-Year Evaluation were amended; however, ratification by the CERS Board of Trustees was not required.

Mr. Fulkerson stated that there was extensive discussion among the members of the CERS Personnel Committee regarding the renewal of the CEO contract. Mr. O'Mara requested further detail regarding the justification for the recommended salary increase for the CERS CEO. Mr. Cheatham provided insight on the reasoning for the salary recommendation.

Mr. Branco advised of additional amendments needed to the CERS CEO contract.

A motion was made by Mr. Fulkerson and seconded by Dr. Milkman to approve the renewal of the CEO contract and salary as presented. The motion passed unanimously.

Ms. Pendergrass requested that agenda item ***Finance Committee Report*** (Video 00:26:13 to 00:43:47). Mr. O'Mara stated that the CERS Finance Committee met on May 30, 2023. The Committee reviewed and approved Hazardous Duty Requests and a New Agency Participation in CERS Non-Hazardous. The CERS Finance Committee requested that the CERS Board of Trustees ratify the actions of the Committee. Mr. O'Mara made a motion to ratify the actions of the Finance Committee in approving the Hazardous duty requests and the participation of Greenup County Public Library as presented. Dr. Milkman seconded the motion and the motion passed unanimously.

Mr. Lamb also presented the quarterly financial reports, said Mr. O'Mara. Mr. Lamb briefly reviewed these reports with the CERS Board of Trustees. He reviewed the Combining Statement of Fiduciary Net Position of the Pension Funds as of March 31, 2023. Next, Mr. Lamb reviewed the Combining Statement of Changes in Fiduciary Net Position of the Pension Funds for the nine-

month period ending March 31, 2023, Combining Statement of Fiduciary Net Position of Insurance Funds as of March 31, 2023, and the Combining Statement of Changes in Fiduciary Net Position of Insurance Funds for the nine-month period ending March 31, 2023. Mr. Lamb went on to present the CERS Pension and Insurance Funds Contribution Reports for the nine-month period ending March 31, 2023. Lastly, he presented the FY 2022-2023 KPPA Administrative Budget and Budget-to-Actual Analysis for the nine-month period ending March 31, 2023. The JP Morgan Chase Earnings and Fees and Hard Interest Earned for the non-month period ending March 31, 2023, were also reviewed. Lastly, the CERS Outstanding Invoices by Type and Employer and Penalty Invoices Reports were reviewed.

****Dr. Carver entered the meeting****

Mr. Lamb went on to present the Hybrid Percentage for FY 2024; CERS 64.34% and KRS 35.66%. These percentages are scheduled to be presented to the KPPA on June 28, 2023, for approval. However, the CERS/KRS Boards of Trustees must determine the allocation among their individual plans. Mr. Lamb presented the recommended allocation of the 64.34% by membership among the plans. Mr. O'Mara made a motion to approve the FY2024 allocation of the CERS hybrid percentage based on membership. Mr. Powell seconded the motion and the motion passed unanimously.

Ms. Pendergrass introduced agenda item ***Audit Committee Report*** (Video 00:43:48 to 00:51:19). Mr. O'Mara and Mr. Board provided an update on the Implementation of HB 587. Mr. Board announced that the KPPA Bylaws had been amended to reflect the KPPA Audit Committee and that the remaining dates of the Joint Audit Committee were adopted by the KPPA Audit Committee. Further, Mr. Board advised of several outstanding action items required to fully implement the legislature.

Mr. Daugherty presented an update on Internal Audit Projects. He stated that the Joint Audit Committee had their final meeting on May 25, 2023. The Joint Audit Committee approved the Audit Plan as presented, said Mr. Daugherty. The Joint Audit Committee requested that the CERS Board ratify this action and submit the Audit Plan to the KPPA for approval. A motion to ratify the Joint Audit Committee's approval of the Audit Plan and have it submitted to the KPPA Board for approval was made by Mr. O'Mara. Mr. Cheatham seconded the motion and the motion passed unanimously. Several informational items were also presented to the Joint Audit Committee.

Ms. Pendergrass introduced agenda item ***Joint Retiree Health Plan Committee Report*** (Video 00:51:20 to 01:01:08). Mr. Powell stated that the Joint CERS & KRS Retiree Health Plan Committee met on May 11, 2023. He announced that the Committee elected Jerry Powell (CERS) as Chair and Dr. Crystal Miller (KRS) as Vice-Chair. All items presented at the meeting were informational, said Mr. Powell. Ms. Tracey Garrison with Humana provided additional information on the Centers for Medicare and Medicaid Services (CMS) Final Notice for 2024 plan year, indicating an average CMS net payment of all payment policies of -1.12%. Ms. Garrison also discussed their exit from the Employer Group Commercial Medical Products. Lastly, Ms. Connie Pettyjohn provided an update on the Medicare Secondary Payer Act Reimbursement process. She reported that 98 retirees of the CERS plans had been reimbursed in the amount of \$421,870.50.

Ms. Pendergrass introduced agenda item ***Investment Committee Report*** (Video 01:01:09 to 01:19:13). Dr. Hackbart reported that the CERS Investment Committee held a Special Called Meeting on June 9, 2023. Only informational items were discussed, said Dr. Hackbart. Wilshire provided the Committee with a capital market overview that included their forward-looking return forecasts. Mr. Willer presented the quarterly update on portfolio performance, the investment budget year-to-date, and a forecast of the FY 2024 investment budget. Additionally, Mr. Willer provided a Compliance Report update.

Ms. Pendergrass introduced agenda item ***Administrative*** (Video 01:19:14 to 01:41:17). Ms. Pendergrass presented a proposed CERS Recurring Meeting Schedule for 2024. She also included proposed amendments to the CERS Bylaws. Ms. Pendergrass stated that the final meeting schedule would be presented to the CERS Board of Trustees in September 2023. Ms. Pendergrass reviewed proposed CERS Bylaw amendments with the CERS Board of Trustees and advised that these amendments would be presented further in September 2023 and at another meeting thereafter.

CERS CEO Ed Owens, III presented the CEO Report. He briefly reviewed his written report provided to the Trustees.

Mr. Eager was absent; however, Ms. Adkins presented the written KPPA Update provided by Mr. Eager. Mr. Board announced that Jillian Hall and Andrea Freadreacea with the KPPA Office of Legal Services were recognized by Governor Beshear for their response to those impacted by the tornados in western Kentucky in December 2021. They received a 2023 Governor's Ambassador

Award for Community Service/Volunteerism.

Ms. Pendergrass introduced agenda item ***Closed Session*** (*Video 01:41:18 to 01:42:31*). Mr. Powell made a motion and was seconded by Mr. Cheatham to enter closed session for the purpose of litigation. The motion passed unanimously.

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

Ms. Pendergrass 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.

****Dr. Hackbart exited the meeting prior to the conclusion of Closed Session****

Coming back into open session, Ms. Pendergrass stated that the Board would be taking no action as the result of the closed session discussions and opened the floor for adjournment. Mr. Powell made a motion and was seconded by Mr. O'Mara 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 June 14, 2023, except documents provided during a closed session conducted pursuant to the open meetings act and exempt under the open records act.

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CERTIFICATION

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

Recording Secretary

I, the Chair of the Board of Trustees of the County Employees Retirement System, do certify that the Minutes of Meeting held on June 14, 2023, were approved on September 13, 2023.

Chair of the Board of Trustees

I have reviewed the Minutes of the June 14, 2023, Board of Trustees Meeting for content, form, and legality.

Executive Director
Office of Legal Services

**MINUTES OF MEETING
COUNTY EMPLOYEES RETIREMENT SYSTEM
BOARD OF TRUSTEES SPECIAL CALLED MEETING
JULY 12, 2023, AT 2:00 P.M. ET
VIA LIVE VIDEO TELECONFERENCE**

At the Special Called meeting of the County Employees Retirement System (CERS) Board of Trustees held on July 12, 2023, the following members were present: Betty Pendergrass (Chair), Dr. Patricia Carver, George Cheatham, Michael Foster, JT Fulkerson, Dr. Merl Hackbart, Dr. Martin Milkman, and Jerry Powell. Staff members present were KRS CEO John Chilton, David Eager, Rebecca Adkins, Erin Surratt, Liza Welch, Michael Lamb, Michael Board, Victoria Hale, Carrie Bass, Kristen Coffey, Katie Park, Shaun Case and Sherry Rankin. Others present included Eric Branco with Johnson Bowman Branco, LLP.

Ms. Pendergrass called the meeting to order.

Mr. Branco read the Legal Public Statement.

Ms. Rankin called roll.

There being no **Public Comment** submitted, Ms. Pendergrass introduced agenda item **2024 Proposed Legislation** (*Video 00:07:00 to 01:24:50*). Ms. Pendergrass indicated that the purpose of the meeting was to discuss the proposed 2024 Housekeeping Bill. She briefly reviewed the modifications/administrative policy changes in the 2023 Housekeeping Bill versus the proposed 2024 Housekeeping Bill.

These administrative policy changes included: (1) Add a vocational expert to the medical review team(s) (See Section 22, page 153 of HB49); (2) Permit telephone voting for Trustee elections (See Section 27, page 191 of HB49). The CERS Legislative Working Group opposed this change in 2023; and (3) Revise medical review process for disability applications (See Section 15, page 116). The CERS Legislative Working Group opposed this change in 2023. Erin Surratt has provided additional information to help explain the KPPA Staff request to revise the medical review process.

Ms. Erin Surratt and Ms. Liza Welch presented the History of KRS 61.665(2) which discusses the medical review process. There was extensive discussion surrounding the current process.

Mr. Powell made a motion that the CERS recommends the methodology that was adopted in 1998 that has one (1) medical examiner reviewing materials. It was clarified that the motion merely expresses the opinion of the CERS Board of Trustees. Mr. Foster seconded the motion. Mr. Fulkerson opposed; however, the motion passed.

Ms. Pendergrass stated that she would draft a memo to Representative Johnson and Senator Higdon expressing the concerns and opinion of the CERS Board of Trustees.

Ms. Pendergrass introduced agenda item *Closed Session* and announced that a Closed Session was not needed.

Ms. Pendergrass opened the floor for a motion to *adjourn* the meeting. Mr. Fulkerson made a motion to adjourn the meeting and was seconded by Mr. Powell. The motion passed unanimously.

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CERTIFICATION

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

Recording Secretary

I, the Chair of the Board of Trustees of the County Employees Retirement System, do certify that the Minutes of Meeting held on July 12, 2023, were approved on September 13, 2023.

Chair of the Board of Trustees

I have reviewed the Minutes of the July 12, 2023, Board of Trustees Meeting for content, form, and legality.

Executive Director
Office of Legal Services



MEMORANDUM

TO: County Employees Retirement System Board of Trustees

From: William O'Mara, Chair
Finance Committee

Date: September 13, 2023

Subject: Summary of Finance Committee Quarterly Meeting

The County Employees Retirement System held a regularly scheduled quarterly meeting on August 22, 2023.

1. **The following items were approved by the Finance Committee and are being forwarded to the County Employees Retirement System Board of Trustees for ratification***
 - a. **Hazardous Duty Requests** – The Finance Committee considered a total of twenty-seven (27) requests for Hazardous Duty designation for positions in member organizations. After hearing the presentation from KPPA staff indicating staff had reviewed each request and determined that they meet the statutory guidelines for Hazardous coverage, the Finance Committee voted unanimously to approve each request.
 - b. **New Agency Participation in CERS Non-HAZ** – The Finance Committee entertained a presentation from KPPA staff that the **Reid Village Water District and the City of Hanson** both sought to participate in CERS Non-Hazardous coverage. After hearing the presentation from KPPA staff regarding both Reid Village Water District and the City of Hanson, the Finance Committee voted unanimously to approve both requests.

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

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

- a. KPPA staff presented quarterly financial reports consisting of:
 - a. YTD Financial Spreadsheet
 - b. Administration Expense to Budget
 - c. Investment Expense to Budget
 - d. Contribution Report
 - e. Outstanding Invoice Report
 - f. Penalty Waiver Report
- b. There were questions asked by the Committee concerning the legal expense attributed to the Investment Budget. Staff indicated there was significant movement expected in several of the pending legal matters leading to the significant increase in budgeted legal expense. The Committee also questioned staff concerning the consulting contracts utilized by the Investment Office. Staff indicated those contracts were under review and there could be some adjustment made in the services required and the provider group in the future.
- c. The Committee further inquired about the lack of movement on the Outstanding Invoice Report. Staff indicated there would be a presentation made to the September CERS Board meeting concerning a matter on the Invoice report. It should be noted that many of the items listed on that report are the subject of on-going litigation.

***Board of Trustees Action Required**



KENTUCKY PUBLIC PENSIONS AUTHORITY

David L. Eager, Executive Director

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



To: CERS Finance Committee

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

Date: 8/22/2023

Subject: Hazardous Position Classification

AGENCIES ARE ASKING FOR HAZARDOUS DUTY COVERAGE FOR THE FOLLOWING POSITIONS:

<u>Agency</u>	<u>Position</u>	<u>Effective Date</u>
City of Monticello	Assistant Fire Chief	7/1/2023
Saint Matthews Fire Protection District	Fire Chief	10/1/2023
Saint Matthews Fire Protection District	Deputy Fire Chief	10/1/2023
Saint Matthews Fire Protection District	Assistant Chief of Operations	10/1/2023
Saint Matthews Fire Protection District	EMS Battalion Chief	10/1/2023
Saint Matthews Fire Protection District	Fire Battalion Chief	10/1/2023
Saint Matthews Fire Protection District	Fire Captain	8/1/2021
Saint Matthews Fire Protection District	Fire Sergeant	11/1/2020
Saint Matthews Fire Protection District	Fire Marshall	7/1/2023
Okolona Fire District	EMS Sergeant Paramedic	10/1/2023
Okolona Fire District	EMS Sergeant EMT	10/1/2023
City of Bowling Green	Training Instructor (Fire)	10/1/2023
City of Erlanger	Fire/ EMS Shift Battalion Chief	10/1/2023
Mead County Fiscal Court	Sheriff	10/1/2023
Mead County Fiscal Court	Chief Deputy Sheriff	10/1/2023
Mead County Fiscal Court	Deputy Sheriff Major	10/1/2023
Mead County Fiscal Court	Deputy Sheriff Captain	10/1/2023
Mead County Fiscal Court	Deputy Sheriff Lieutenant	10/1/2023
Mead County Fiscal Court	Deputy Sheriff Sergeant	10/1/2023
Mead County Fiscal Court	Detective	10/1/2023
Mead County Fiscal Court	Deputy Sheriff	10/1/2023
Burlington Fire Protection District	Fire Chief	10/1/2023
Burlington Fire Protection District	Captain	10/1/2023
Burlington Fire Protection District	Assistant Chief- Operations	10/1/2023
Burlington Fire Protection District	Captain of Inspections/ Fire Marshall	10/1/2023
Burlington Fire Protection District	Assistant Chief- Planning	10/1/2023
Burlington Fire Protection District	Captain of Recruitment/ Retention	10/1/2023

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



KENTUCKY PUBLIC PENSIONS AUTHORITY

David L. Eager, Executive Director

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TO: CERS Finance Committee

FROM: D’Juan Surratt

DATE: 08/22/2023

SUBJECT: Participation of CERS Agencies

PARTICIPATION—NEW CERS AGENCIES

There are two (2) new agencies electing to participate with the County Employees Retirement System under non-hazardous coverage. Copies of minutes, resolution to participate and agency budgets have been submitted. Contracts for Health Insurance have been received for the agencies electing to participate in CERS.

RECOMMENDATION: Kentucky Public Pensions Authority recommends approval of the participation of Reid Village Water District and City of Hanson, as they both have satisfactorily completed their trial participation period.



Combining Statement of Fiduciary Net Position - Pension Funds

As of June 30, 2023, with Comparative Totals as of June 30, 2022 (\$ in Thousands)
(Unaudited)

ASSETS	CERS		TOTAL		Percentage of Change	Note
	Nonhazardous	Hazardous	FY 2023	FY 2022		
CASH AND SHORT-TERM INVESTMENTS						
Cash Deposits	\$662	\$262	\$924	\$187	393.79%	1
Short-term Investments	303,178	134,691	437,869	401,808	8.97%	
Total Cash and Short-term Investments	303,840	134,954	438,793	401,995	9.15%	
RECEIVABLES						
Accounts Receivable	78,684	26,182	104,866	156,029	(32.79)%	2
Accounts Receivable - Investments	58,587	20,435	79,022	57,695	36.96%	3
Total Receivables	137,271	46,617	183,888	213,725	(13.96)%	
INVESTMENTS, AT FAIR VALUE						
Core Fixed Income	862,405	299,149	1,161,554	1,198,127	(3.05)%	
Public Equities	4,327,129	1,494,664	5,821,793	4,816,913	20.86%	4
Private Equities	689,017	229,764	918,781	1,004,973	(8.58)%	
Specialty Credit	1,762,779	605,820	2,368,599	2,266,819	4.49%	
Derivatives	(2,478)	(862)	(3,340)	(1,464)	(128.21)%	5
Real Return	268,971	89,758	358,729	325,577	10.18%	6
Real Estate	500,825	159,479	660,304	652,085	1.26%	
Total Investments, at Fair Value	8,408,648	2,877,772	11,286,420	10,263,030	9.97%	
Securities Lending Collateral Invested	176,126	60,803	236,929	279,011	(15.08)%	7
CAPITAL/INTANGIBLE ASSETS						
Capital Assets	1,701	153	1,854	1,854	0.00%	
Intangible Assets	9,961	827	10,788	10,788	0.00%	
Accumulated Depreciation	(1,701)	(153)	(1,854)	(1,854)	0.00%	
Accumulated Amortization	(9,961)	(827)	(10,788)	(10,617)	1.61%	
Total Capital Assets	-	-	-	171	(100.00)%	
Total Assets	9,025,885	3,120,145	12,146,030	11,157,932	8.86%	
LIABILITIES						
Accounts Payable	5,091	816	5,906	4,967	18.92%	8
Investment Accounts Payable	76,587	26,600	103,187	74,681	38.17%	9
Securities Lending Collateral	176,126	60,803	236,929	279,011	(15.08)%	10
Total Liabilities	257,804	88,218	346,022	358,658	(3.52)%	
Total Fiduciary Net Position Restricted for Pension Benefits	\$8,768,081	\$3,031,927	\$11,800,008	\$10,799,273	9.27%	

NOTE - Variance Explanation

Differences due to rounding

- 1) The variance is a result of continuous fluctuation of deposits and transactions that flow through the cash account. As a result of an Internal Audit finding, we continue to evaluate the optimum cash balances at JP Morgan Chase.
- 2) The decrease in Accounts Receivable is primarily due to the 06/30/2022 CERS and CERH pension/insurance split correction.
- 3) The variance in Investment Accounts Receivable is due to pending trades.
- 4) The increase in Public Equities is the result of favorable market conditions resulting in realized and unrealized gains
- 5) The variance in Derivatives is a result of hedging and arbitration of risk within the portfolios.
- 6) Despite the increase shown on the statements for Real Return, the overall asset class has actually declined due to the liquidation of Putnam. However, most of Putnam's assets were held in cash (Short-term Investments) at the end of FY22 which is skewing the data.
- 7) The variance is a result of the demand of the Securities Lending Program.
- 8) The variance in Accounts Payable is due to an Increase in the payroll and leave liability accrual as well as an increase in outstanding employer credit invoices.
- 9) The variance in Investment Accounts Payable is due to pending trades.
- 10) The variance is a result of the demand of the Securities Lending Program.



Combining Statement of Changes In Fiduciary Net Position - Pension Funds

For the twelve month period ending June 30, 2023, with Comparative Totals for the twelve month period ending June 30, 2022 (\$ in Thousands) (Unaudited)

	CERS		Total		Percentage of Change	Note
	Nonhazardous	Hazardous	FY 2023	FY 2022		
ADDITIONS						
Member Contributions	\$145,491	\$53,246	\$198,736	\$197,260	0.75%	
Employer Pay Credit	\$50,830	\$20,206	\$71,036	\$58,953	20.50%	1
Employer Contributions	635,723	267,703	903,427	828,740	9.01%	
Actuarially Accrued Liability Contributions (AALC)	-	-	-	-		
Pension Spiking Contributions	46	186	232	95	143.75%	2
Health Insurance Contributions (HB1)	(30)	(20)	(50)	(164)	(69.13)%	3
Employer Cessation Contributions	-	-	-	-		
Total Contributions	832,061	341,320	1,173,381	1,084,883	8.16%	
INVESTMENT INCOME						
From Investing Activities						
Net Appreciation (Depreciation) in FV of Investments						
Investments	637,414	219,241	856,655	(861,851)	199.40%	4
Interest/Dividends	239,709	83,235	322,943	320,967	0.62%	
Total Investing Activities Income	877,123	302,476	1,179,598	(540,884)		
Less: Investment Expense	52,167	17,540	69,707	59,499	17.16%	5
Less: Performance Fees	10,465	3,295	13,760	77,403	(82.22)%	6
Net Income from Investing Activities	814,490	281,641	1,096,131	(677,785)		
From Securities Lending Activities						
Securities Lending Income	8,998	3,143	12,141	1,199		
Less: Securities Lending Borrower Rebates (Income)/Expense	7,904	2,760	10,664	(398)		
Less: Securities Lending Agent Fees	164	57	221	239		
Net Income from Securities Lending	930	325	1,255	1,357	(7.52)%	
Net Investment Income	815,420	281,966	1,097,386	(676,428)	(262.23)%	
Total Additions	1,647,481	623,286	2,270,767	408,456	455.94%	
DEDUCTIONS						
Benefit Payments	894,351	319,593	1,213,945	1,164,050	4.29%	
Refunds	23,263	6,568	29,832	25,555	16.73%	7
Administrative Expenses	24,131	2,125	26,256	24,666	6.45%	
Total Deductions	941,746	328,287	1,270,033	1,214,271	4.59%	
Net Increase (Decrease) in Fiduciary Net Position Restricted for Pension Benefits						
	705,735	294,999	1,000,734	(805,815)		
Total Fiduciary Net Position Restricted for Pension Benefits						
Beginning of Period	8,062,346	2,736,928	10,799,273	11,605,088	(6.94)%	
End of Period	\$8,768,081	\$3,031,927	\$11,800,008	\$10,799,273	9.27%	

NOTE - Variance Explanation Differences due to rounding

- 1) The Employer Pay Credit will continue to increase as Tier 3 members increase.
- 2) Pension Spiking contributions increased due to an increase in CERS and CERS Hazardous pension spiking contributions billed to employers.
- 3) Health Insurance Contributions continue to fluctuate in the Pension accounts due to Tier 2 and Tier 3 retiree health insurance system costs as well as corrections being processed to previous fiscal years.
- 4) The increase in Net Appreciation in Fair Value of Investments is the result of unrealized gains in public equity.
- 5) The increase in Investment Expense is primarily the result of increased partnership expenses for Specialty Credit.
- 6) The decrease in performance fees is the result of less than favorable market conditions causing returns to drop, impacting those fees directly related to performance most notably Private Equity, Real Estate and Specialty Credit.
- 7) The increase in Refunds was due to an increase in refunds taken by members who terminated employment and were not eligible for a retirement benefit.



Combining Statement of Fiduciary Net Position - Insurance Funds

As of June 30, 2023, with Comparative Totals as of June 30, 2022 (\$ in Thousands)
(Unaudited)

ASSETS	CERS		TOTAL		Percentage of Change	Note
	Nonhazardous	Hazardous	FY 2023	FY 2022		
CASH AND SHORT-TERM INVESTMENTS						
Cash Deposits	\$259	\$8	\$267	\$120	123.02%	1
Short-term Investments	132,269	31,789	164,058	191,192	(14.19)%	2
Total Cash and Short-term Investments	132,528	31,797	164,325	191,312	(14.11)%	
RECEIVABLES						
Accounts Receivable	12,658	4,082	16,740	25,627	(34.68)%	3
Investment Accounts Receivable	22,443	10,253	32,696	26,678	22.56%	4
Total Receivables	35,101	14,335	49,436	52,304	(5.48)%	
INVESTMENTS, AT FAIR VALUE						
Core Fixed Income	327,065	148,991	476,056	503,157	(5.39)%	
Public Equities	1,633,030	807,897	2,440,927	2,027,716	20.38%	5
Private Equities	268,195	150,750	418,946	457,223	(8.37)%	
Specialty Credit	664,738	330,931	995,669	961,929	3.51%	
Derivatives	(908)	(412)	(1,320)	(575)	(129.77)%	6
Real Return	82,403	43,561	125,964	114,026	10.47%	7
Real Estate	173,577	95,157	268,734	264,807	1.48%	
Total Investments, at Fair Value	3,148,101	1,576,874	4,724,975	4,328,282	9.17%	
Securities Lending Collateral Invested	59,513	29,266	88,778	99,884	(11.12)%	8
Total Assets	3,375,242	1,652,273	5,027,515	4,671,782	7.61%	
LIABILITIES						
Accounts Payable	223	22	245	57,366	(99.57)%	9
Investment Accounts Payable	27,873	12,877	40,750	29,331	38.93%	10
Securities Lending Collateral	59,513	29,266	88,778	99,884	(11.12)%	11
Total Liabilities	87,609	42,164	129,774	186,581	(30.45)%	
Total Fiduciary Net Position Restricted for OPEB	\$3,287,633	\$1,610,108	\$4,897,741	\$4,485,201	9.20%	

NOTE - Variance Explanation *Differences due to rounding*

- 1) The variance is a result of continuous fluctuation of deposits and transactions that flow through the cash account. As a result of an Internal Audit finding, we continue to evaluate the optimum cash balances at JP Morgan Chase.
- 2) Short term investments are primarily comprised of cash on hand at the custodial bank, the variance in the balance is a result of the cash flows of each plan.
- 3) The decrease in Accounts Receivable is due to a decrease in the member/employer month-end accrual due to the decreased insurance transfer rate.
- 4) The variance in Investment Accounts Receivable is the result of pending trades.
- 5) The increase in Public Equities is the result of favorable market conditions resulting in realized and unrealized gains
- 6) The variance in Derivatives is a result of hedging and arbitration of risk within the portfolios.
- 7) Despite the increase shown on the statements for Real Return, the overall asset class has actually declined due to liquidation of Putnam. However, most of Putnam's assets were held in cash (Short-term Investments) at the end of FY22 due to the liquidation which is skewing the data.
- 8) The variance is a result of the demands of the Securities Lending Program.
- 9) The decrease in Accounts Payable is primarily due to the 06/30/2022 CERS and CERH pension/insurance split correction.
- 10) The variance in Investment Accounts Payable is due to pending trades.
- 11) The variance is a result of the demands of the Securities Lending Program.



Combining Statement of Changes In Fiduciary Net Position - Insurance Funds

For the twelve month period ending June 30, 2023, with Comparative Totals for the twelve month period ending June 30, 2022 (\$ in Thousands) (Unaudited)

	CERS		TOTAL		Percentage of Change	Note
	Nonhazardous	Hazardous	FY 2023	FY 2022		
ADDITIONS						
Employer Contributions	\$99,501	\$45,605	\$145,106	\$176,925	(17.98)%	1
Actuarially Accrued Liability Contributions (AALC)	-	-	-	-		
Medicare Drug Reimbursement	-	-	-	1	(100.00)%	2
Insurance Premiums	294	(546)	(252)	263	(196.02)%	3
Humana Gain Share Payment	5,951	914	6,864	10,171	(32.51)%	4
Retired Re-employed Healthcare	4,922	1,611	6,533	6,346	2.95%	
Health Insurance Contributions (HB1)	17,502	3,987	21,489	19,743	8.85%	
Employer Cessation Contributions	-	-	-	-		
Total Contributions	128,170	51,571	179,741	213,448	(15.79)%	
INVESTMENT INCOME						
From Investing Activities						
Net Appreciation (Depreciation) in FV of Investments	240,043	116,609	356,652	(325,603)	209.54%	5
Interest/Dividends	88,629	43,939	132,568	134,285	(1.28)%	
Total Investing Activities Income	328,673	160,548	489,220	(191,318)		
Less: Investment Expense	19,478	10,174	29,652	23,943	23.84%	6
Less: Performance Fees	3,499	1,782	5,281	34,399	(84.65)%	7
Net Income from Investing Activities	305,696	148,591	454,287	(249,660)		
From Securities Lending Activities						
Securities Lending Income	2,775	1,336	4,111	466		
Less: Securities Lending Borrower Rebates (Income)/Expense	2,414	1,162	3,576	(131)		
Less: Securities Lending Agent Fees	54	26	80	89		
Net Income from Securities Lending	307	148	455	508	(10.45)%	8
Net Investment Income	306,003	148,739	454,742	(249,152)	(282.52)%	
Total Additions	434,173	200,310	634,483	(35,704)	(1,877.07)%	
DEDUCTIONS						
Healthcare Premiums Subsidies	123,587	93,485	217,072	223,747	(2.98)%	
Administrative Expenses	937	522	1,459	1,435	1.71%	
Self-Funded Healthcare Costs	3,241	171	3,412	3,498	(2.45)%	
Excise Tax Insurance	-	-	-	12	(100.00)%	9
Total Deductions	127,765	94,178	221,943	228,692	(2.95)%	
Net Increase (Decrease) in Fiduciary Net Position Restricted for OPEB	306,408	106,131	412,539	(264,396)		
Total Fiduciary Net Position Restricted for OPEB						
Beginning of Period	2,981,224	1,503,977	4,485,201	4,749,597	(5.57)%	
End of Period	\$3,287,632	\$1,610,108	\$4,897,741	\$4,485,201	9.20%	

NOTE - Variance Explanation *Differences due to rounding*

- 1) Employer Contributions decreased due to a decrease in the employer insurance rate.
- 2) Medicare Drug Reimbursement payments fluctuate year to year based on claims received.
- 3) Health Insurance Premiums decreased due to refunds processed to hazardous retirees for premiums paid for dependents that should have been covered by KPPA.
- 4) The Humana Gain Share payment will fluctuate year to year based on claims paid.
- 5) The increase in Net Appreciation in Fair Value of Investments is the result of unrealized gains in public equity.
- 6) The increase in Investment Expense is primarily the result of increased partnership expenses for Specialty Credit.
- 7) The decrease in performance fees is the result in less than favorable market conditions causing returns to drop, impacting those fees directly related to performance most notably Private Equity, Real Estate and Specialty Credit.
- 8) The variance is a result of the demand of the Securities Lending Program.
- 9) The Excise Tax will fluctuate based on the timing of the posting of the payment.

Pension Funds Contribution Report

For the twelve month period ending June 30, 2023, with Comparative Totals for the twelve month period ending June 30, 2022 (\$ in Millions)



County Employees Retirement System

	Nonhazardous		Hazardous	
	FY23	FY22	FY23	FY22
Member Contributions	\$145.5	\$144.4	\$53.3	\$52.7
Employer Pay Credit	\$50.8	\$42.2	\$20.2	\$16.8
Employer Contributions	635.8	606.8	267.9	222.0
Net Investment Income	178.0	136.8	62.7	48.7
Total Inflows	1,010.1	930.2	404.1	340.2
Benefit Payments/Refunds	917.6	878.0	326.2	311.6
Administrative Expenses	24.1	22.7	2.1	2.0
Total Outflows	941.7	900.7	328.3	313.6
NET Contributions	68.4	29.5	75.8	26.6
Realized Gain/(Loss)	3.4	374.0	(0.8)	126.0
Unrealized Gain/(Loss)	633.9	(1,011.8)	220.0	(350.1)
Change in Net Position	705.7	(608.3)	295.0	(197.5)
Beginning of Period	8,062.3	8,670.7	2,736.9	2,934.4
End of Period	\$8,768.0	\$8,062.3	\$3,031.9	\$2,736.9

Differences due to rounding.

Net Contributions*	(\$109.6)	(\$107.3)	\$13.1	(\$22.1)
Cash Flow as % of Assets	(1.25)%	(1.33)%	0.43%	(0.80)%
Net Investment Income	\$178.0	\$136.8	\$62.7	\$48.7
Yield as % of Assets	2.03%	1.70%	2.07%	1.78%

**Net Contributions are less Net Investment Income.*

Insurance Fund Contribution Report

For the twelve month period ending June 30, 2023, with Comparative Totals for the twelve month period ending June 30, 2022 (\$ in Millions)

**County Employees Retirement System**

	Nonhazardous		Hazardous	
	FY23	FY22	FY23	FY22
Employer Contributions	\$99.5	\$118.6	\$45.6	\$58.4
Insurance Premiums	0.3	0.5	(0.5)	(0.3)
Humana Gain Share	6.0	8.9	0.9	1.3
Retired Reemployed Healthcare	4.9	4.8	1.6	1.5
Health Insurance Contributions	17.5	16.0	4.0	3.8
Net Investment Income	66.0	51.6	32.1	24.8
Total Inflows	194.2	200.4	83.7	89.5
Healthcare Premiums	126.8	137.7	93.7	89.5
Administrative Expenses	0.9	0.9	0.5	0.5
Total Outflows	127.7	138.6	94.2	90.0
NET Contributions	66.5	61.8	(10.5)	(0.5)
Realized Gain/(Loss)	0.6	137.9	2.1	74.1
Unrealized Gain/(Loss)	239.4	(360.3)	114.5	(177.4)
Change in Net Position	306.5	(160.6)	106.1	(103.8)
Beginning of Period	2,981.2	3,141.8	1,504.0	1,607.8
End of Period	\$3,287.7	\$2,981.2	\$1,610.1	\$1,504.0

Differences due to rounding.

Net Contributions*	\$0.5	\$10.2	\$(42.6)	\$(25.3)
Cash Flow as % of Assets	0.02%	0.34%	(2.65)%	(1.68)%
Net Investment Income	\$66.0	\$51.6	\$32.1	\$24.8
Yield as % of Assets	2.01%	1.73%	2.00%	1.65%

**Net Contributions are less Net Investment Income.*

KPPA ADMINISTRATIVE BUDGET FY 2022-2023						
BUDGET-TO-ACTUAL ANALYSIS						
FOR THE FISCAL YEAR ENDING JUNE 30, 2023, WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDING JUNE 30, 2022						
Account Name	Budgeted	FY 2023 Expense	Remaining	Percent Remaining	FY 2022 Expense	Percent Difference
PERSONNEL						
Staff						
Salaries/Wages	\$17,000,000	\$16,431,880	\$568,120	3.34%	\$15,628,481	5.14%
Wages (Overtime)	285,000	209,522	75,478	26.48%	174,159	20.31%
Emp Paid FICA	1,270,448	1,210,689	59,759	4.70%	1,113,391	8.74%
Emp Paid Retirement	14,865,100	12,503,955	2,361,145	15.88%	12,421,914	0.66%
Emp Paid Health Ins	2,700,000	2,382,370	317,630	11.76%	2,455,352	(2.97)%
Emp Paid Sick Leave	115,000	213,594	(98,594)	(85.73)%	86,032	148.27%
Adoption Assistance Benefit	8,000	-	8,000	100.00%	7,000	(100.00)%
Workers Compensation	75,000	11,116	63,884	85.18%	75,163	(85.21)%
Unemployment	8,000	8,834	(834)	(10.42)%	-	100.00%
Emp Paid Life Ins	3,000	2,953	47	1.57%	2,905	1.65%
Employee Training	18,000	10,722	7,278	40.43%	9,685	10.71%
Bonds	-	-	-	0.00%	81	(100.00)%
Staff Subtotal	36,347,548	32,985,636	3,361,913	9.25%	31,974,163	3.16%
LEGAL & AUDITING SERVICES						
Legal Hearing Officers	100,000	197,202	(97,202)	(97.20)%	117,998	67.12%
Legal (Stoll, Keenon)	150,000	74,994	75,006	50.00%	88,189	(14.96)%
Frost Brown	80,000	344,263	(264,263)	(330.33)%	40,458	750.91%
Reinhart	25,000	276	24,724	98.90%	-	100.00%
Ice Miller	505,645	239,921	60,079	20.03%	701,266	(65.79)%
Johnson, Bowman, Branco LLC	150,000	108,718	41,283	27.52%	95,428	13.93%
Dentons Bingham & Greenebaum	150,000	42,099	107,901	71.93%	52,661	(20.06)%
Legal Expense	25,000	23	24,977	99.91%	138	(83.33)%
Auditing	200,000	109,510	90,490	45.24%	141,883	(22.82)%
Total Legal & Auditing Services	1,180,000	1,117,005	62,995	5.34%	1,238,020	(9.77)%
CONSULTING SERVICES						
Medical Reviewers	1,800,000	1,413,350	386,650	21.48%	1,593,144	(11.29)%
Escrow for Actuary Fees	-	(32,866)	32,866	0.00%	-	(100.00)%
Total Consulting Services	1,800,000	1,380,484	419,516	23.31%	1,593,144	(13.35)%
CONTRACTUAL SERVICES						
Miscellaneous Contracts	100,000	97,223	2,777	2.78%	20,124	383.12%
Human Resources Consulting	8,000	-	8,000	100.00%	5,794	(100.00)%
Actuarial Services	500,000	523,627	(23,627)	(4.73)%	474,411	10.37%
Facility Security Charges	80,000	33,782	46,218	57.77%	104,067	(67.54)%
Tuition Assistance	8,000	-	8,000	100.00%	-	0.00%
Contractual Subtotal	696,000	654,632	41,368	5.94%	604,396	8.31%
PERSONNEL SUBTOTAL	\$40,023,548	\$36,137,757	\$3,885,791	9.71%	\$35,442,380	1.96%
OPERATIONAL						
Natural Gas	35,000	35,685	(685)	(1.96)%	31,229	14.27%
Electric	125,000	110,404	14,596	11.68%	105,960	4.19%
Rent-Non State Building	56,000	37,982	18,018	32.18%	50,643	(25.00)%
Building Rental - PPW	1,000,000	962,097	37,903	3.79%	962,097	0.00%
Copier Rental	67,000	85,173	(18,173)	(27.12)%	86,605	(1.65)%
Rental Carpool	5,500	4,421	1,079	19.62%	3,881	13.91%
Vehicle/Equip. Maint.	1,000	1,123	(123)	(12.30)%	249	351.00%
Postage	420,000	351,762	68,238	16.25%	376,335	(6.53)%
Freight	200	41	159	79.28%	155	(73.55)%
Printing (State)	12,000	1,045	10,955	91.29%	6,508	(83.94)%
Printing (non-state)	105,000	67,376	37,624	35.83%	71,162	(5.32)%
Insurance	12,000	5,572	6,428	53.57%	5,422	2.77%
Garbage Collection	6,000	6,716	(716)	(11.93)%	4,853	38.39%
Conference Expense	35,000	21,532	13,468	38.48%	24,816	(13.23)%
Conference Exp. Investment	-	64	(64)	0.00%	-	100.00%
Conference Exp. Audit	2,000	794	1,206	60.30%	-	100.00%
MARS Usage	50,000	27,100	22,900	45.80%	27,100	0.00%

KPPA ADMINISTRATIVE BUDGET 2022-23 BUDGET-TO-ACTUAL ANALYSIS						
FOR THE FISCAL YEAR ENDING JUNE 30, 2023, WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDING JUNE 30, 2022						
Account Name	Budgeted	FY 2023 Expense	Remaining	Percent Remaining	FY 2022 Expense	Percent Difference
COVID-19 Expenses	12,000	4,836	7,164	59.70%	12,686	(61.88)%
Office Supplies	75,000	70,638	4,362	5.82%	82,826	(14.72)%
Furniture & Office Equipment	20,000	654	19,346	96.73%	1,825	(64.16)%
Travel (In-State)	15,000	13,905	1,095	7.30%	5,526	151.63%
Travel (In-State) Investment	1,000	412	588	58.80%	39	956.41%
Travel (In-State) Audit	500	-	500	100.00%	-	0.00%
Travel (Out of State)	75,000	49,026	25,974	34.63%	9,148	435.92%
Travel (Out of State) Investment	100,000	21,412	78,588	78.59%	7,393	189.63%
Travel (Out of State) Audit	500	1,077	(577)	(115.40)%	-	100.00%
Dues & Subscriptions	70,000	61,001	8,999	12.86%	52,488	16.22%
Dues & Subscriptions Invest	17,000	13,243	3,757	22.10%	12,228	8.30%
Dues & Subscriptions Audit	1,500	400	1,100	73.33%	738	(45.80)%
Miscellaneous	70,000	56,021	13,979	19.97%	34,336	63.16%
Miscellaneous Investment	-	-	-	0.00%	-	0.00%
Miscellaneous Audit	200	-	200	100.00%	-	0.00%
COT Charges	25,000	26,373	(1,373)	(5.49)%	28,640	(7.92)%
Telephone - Wireless	7,000	7,336	(336)	(4.80)%	5,420	35.35%
Telephone - Other	150,000	100,524	49,476	32.98%	117,806	(14.67)%
Telephone - Video Conference	-	4,836	(4,836)	0.00%	-	100.00%
Computer Equip./Software	3,500,000	2,671,684	828,316	23.67%	2,916,313	100.00%
Comp. Equip./Software Invest	-	-	-	0.00%	-	0.00%
Comp. Equip./Software Audit	3,000	24,407	(21,407)	(713.56)%	-	100.00%
OPERATIONAL SUBTOTAL	\$6,074,400	\$4,846,670	\$1,227,730	20.21%	\$5,039,064	(3.82)%
SUB-TOTAL	\$46,097,948	\$40,984,427	\$5,113,522	11.09%	\$40,481,444	1.24%
Reserve	4,086,552	-	4,086,552	100.00%	-	0.00%
TOTAL	\$50,184,500	\$40,984,427	\$9,200,074	18.33%	\$40,481,445	1.24%

Differences due to rounding

Plan	Budgeted	FY 2023 Expense	% of Total KPPA FY 2023 Expense
CERS Nonhazardous	\$28,896,235	\$23,598,833	57.58%
CERS Hazardous	2,559,410	2,090,206	5.10%
KERS Nonhazardous	16,543,320	13,510,516	32.965%
KERS Hazardous	1,824,207	1,489,784	3.635%
SPRS	361,328	295,088	0.720%
TOTAL	\$50,184,500	\$40,984,427	

Plan - Specific Expenses	CERS		KERS		SPRS	Total
	Nonhazardous	Hazardous	Nonhazardous	Hazardous		
FY 2023 Expense	\$23,598,833	\$2,090,206	\$13,510,516	\$1,489,784	\$295,088	\$40,984,427
Hybrid Percent Adjustment	(450,865)	(39,900)	(258,106)	(28,461)	(5,637)	(782,969)
Plan Specific Adjustment	102,618	9,093	241,884	26,667	-	380,262
Separation Expense Adjustment	369,927	32,780	-	-	-	402,707
Total Expenses	\$23,620,513	\$2,092,179	\$13,494,294	\$1,487,990	\$289,451	\$40,984,427

**JP MORGAN CHASE CREDIT EARNINGS AND FEES
FOR THE FISCAL YEAR ENDING JUNE 30, 2023**

	Earnings	Fees	Net Earnings
June-22	\$5,289	\$(5,906)	\$(616)
July-22	8,921	(5,814)	3,107
August-22	17,621	(6,185)	11,436
September-22	17,026	(6,033)	10,993
October-22	24,574	(6,031)	18,543
November-22	59,589	(5,070)	54,519
December-22	10,556	(6,884)	3,673
January-23	10,331	(6,550)	3,781
February-23	1,707	(6,524)	(4,817)
March-23	2,825	(6,510)	(3,685)
April-23	4,006	(6,836)	(2,830)
May-23	6,688	(7,084)	(396)
June-23	2,286	(7,762)	(5,476)
Total	\$171,419	\$(83,187)	\$101,654

**JP MORGAN CHASE HARD INTEREST EARNED
FOR THE FISCAL YEAR ENDING JUNE 30, 2023**

	Clearing Account	CERS	KERS	Total
February-23	\$20,504	\$5,149	\$3,415	\$29,068
March-23	15,428	6,688	4,505	26,621
April-23	18,436	8,902	11,611	38,949
May-23	20,922	10,733	7,681	39,335
June-23	35,786	5,856	3,775	45,417
Total	\$111,075	\$37,328	\$30,986	\$179,389



CERS Outstanding Invoices by Type and Employer

Invoice Type	6/30/2023	3/31/2023	Change H/(L)
Averaging Refund to Employer	\$ (414,622)	\$ (373,896)	11%
Employer Free Military and Decompression Service	36,332	70,027	(48)%
Member Pension Spiking Refund	(16,709)	(16,723)	(0)%
Monthly Reporting Invoice	110,943	193,094	(43)%
Penalty – Monthly Reporting	214,270	206,615	4%
Reinstatement	171,358	171,358	0%
Other Invoices**	3,922	9,702	-60%
Total	105,494	260,176	
Health Insurance Reimbursement	393,861	442,801	(11)%
Omitted Employer	1,256,329	1,298,207	(3)%
Employer Pension Spiking*	1,319,450	1,350,819	(2)%
Standard Sick Leave	184,080	215,408	(15)%
Total	3,153,719	3,307,235	(5)%
Grand Total	\$3,259,213	\$3,567,412	(9)%

*Pension Spiking invoices on this report are Employer Pension Spiking. By statute these invoices are due 12 months from the invoice date. Employer Pension Spiking is in effect only for retirements prior to July 1, 2018, therefore, unless there has been a recently created invoice for a backdated retirement, all of these invoices are greater than 12 months old.

**Other Invoices include Expense Allowance; Expired Post Pending; IPS Employer Refund; Penalty EOY Reporting; Personnel Adjustment; and, Refunded Member Contributions Due.

Employer Name (Top Ten)	6/30/2023	3/31/2023	Change H/(L)
Kentucky River Regional Jail	\$893,893	\$893,893	0%
City of Covington	401,760	397,775	1%
Kenton County Airport Board	381,979	375,004	2%
City of Fort Thomas	255,655	250,942	2%
Livingston County Fiscal Court	228,567	228,567	0%
TARC Transit Authority of River City	161,139	271,869	-41%
Henry County Fiscal Court	139,255	167,970	(17)%
Bullitt County Fiscal Court	101,195	101,000	0%
City of Jeffersontown	99,395	111,022	-10%
City of Winchester	\$63,309	\$-	100%

	Total Unpaid Balance	Invoice Count
CERS	\$1,993,865	1,410
CERH	1,265,348	167
Grand Total:	\$1,993,865	1,577

CERS Board Meeting - Finance Committee Report



**County Employees Retirement System
Penalty Invoices Report
From: 4/1/2023 To: 6/30/2023**

Note: Delinquent Interest amounts are included in the totals for the invoice

Invoice Amount	Invoice Remaining Balance	Delinquent Interest	Invoice Status Date	Invoice Due Date	Invoice Status	Employer Classification	Comments
\$2,638	\$-	\$-	6/21/2023	12/17/2022	CANC	Fiscal Courts	Employer in good standing with KPPA
1,000	-	-	5/4/2023	3/18/2023	CANC	County Attorneys	Circumstances outside of employer's control
1,000	-	-	5/4/2023	3/18/2023	CANC	County Attorneys	Circumstances outside of employer's control
1,000	-	-	5/4/2023	3/18/2023	CANC	County Attorneys	Circumstances outside of employer's control
1,000	-	-	5/4/2023	3/18/2023	CANC	County Attorneys	Circumstances outside of employer's control
1,000	-	-	5/8/2023	5/25/2023	CANC	Boards of Education	KPPA error
1,000	-	-	6/12/2023	6/16/2023	CANC	Fire Departments	Employer in good standing with KPPA
Total	\$8,638	\$-					
\$1,000	\$1,000	\$-	4/5/2023	5/5/2023	CRTD	Special Districts & Boards	
1,000	1,000	-	4/18/2023	5/18/2023	CRTD	Utility Boards	
1,000	1,000	-	4/25/2023	5/25/2023	CRTD	Fiscal Courts	
1,000	1,000	-	4/25/2023	5/25/2023	CRTD	Fiscal Courts	
1,000	1,000	-	4/25/2023	5/25/2023	CRTD	Fiscal Courts	
1,000	1,000	-	4/25/2023	5/25/2023	CRTD	Fiscal Courts	
1,000	1,000	-	4/25/2023	5/25/2023	CRTD	Fiscal Courts	
1,000	1,000	-	4/25/2023	5/25/2023	CRTD	County Attorneys	
1,045	1,045	-	4/25/2023	5/25/2023	CRTD	Fiscal Courts	
1,000	1,000	-	5/17/2023	6/16/2023	CRTD	Libraries	
1,000	1,000	-	5/22/2023	6/21/2023	CRTD	Cities	
1,000	1,000	-	5/24/2023	6/23/2023	CRTD	Fiscal Courts	
1,000	1,000	-	6/7/2023	7/7/2023	CRTD	County Attorneys	
1,000	1,000	-	6/7/2023	7/7/2023	CRTD	County Attorneys	
1,000	1,000	-	6/21/2023	7/21/2023	CRTD	County Attorneys	
1,000	1,000	-	6/22/2023	7/22/2023	CRTD	Cities	
1,000	1,000	-	6/22/2023	7/22/2023	CRTD	County Attorneys	
1,000	1,000	-	6/27/2023	7/27/2023	CRTD	Fiscal Courts	
Total	\$18,045	\$18,045					
\$1,000	\$-	\$-	6/8/2023	8/17/2013	PAID	Housing Authorities	
1,000	-	-	6/12/2023	9/8/2022	PAID	Boards of Education	
1,000	-	-	4/25/2023	12/18/2022	PAID	Boards of Education	
1,000	-	-	6/6/2023	1/12/2023	PAID	Tourist Commissions	
2,751	-	-	5/26/2023	2/23/2023	PAID	Boards of Education	
1,000	-	-	4/7/2023	2/23/2023	PAID	Special Districts & Boards	
1,000	-	-	4/4/2023	3/19/2023	PAID	Sanitation Districts	
1,000	-	-	5/2/2023	3/19/2023	PAID	Cities	
1,000	-	-	4/6/2023	3/22/2023	PAID	Cities	



**County Employees Retirement System
Penalty Invoices Report
From: 4/1/2023 To: 6/30/2023**

Note: Delinquent Interest amounts are included in the totals for the invoice

Invoice Amount	Invoice Remaining Balance	Delinquent Interest	Invoice Status Date	Invoice Due Date	Invoice Status	Employer Classification	Comments
1,000	-	-	4/4/2023	4/8/2023	PAID	County Attorneys	
\$1,000	\$-	\$-	4/10/2023	4/16/2023	PAID	Fiscal Courts	
113,377	-	-	4/27/2023	4/19/2023	PAID	Urban Government Agencies	
1,000	-	-	5/4/2023	4/19/2023	PAID	Fiscal Courts	
2,731	-	-	5/26/2023	5/4/2023	PAID	Boards of Education	
1,000	-	-	4/21/2023	5/6/2023	PAID	Cities	
1,000	-	-	5/9/2023	5/21/2023	PAID	Cities	
74,610	-	-	5/31/2023	5/28/2023	PAID	Urban Government Agencies	
1,000	-	-	5/11/2023	6/1/2023	PAID	Cities	
1,000	-	-	6/7/2023	6/8/2023	PAID	Housing Authorities	
1,000	-	-	6/6/2023	6/14/2023	PAID	Fiscal Courts	
1,000	-	-	6/6/2023	6/15/2023	PAID	Fiscal Courts	
1,000	-	-	6/5/2023	6/24/2023	PAID	Boards of Education	
1,000	-	-	6/27/2023	7/22/2023	PAID	Fiscal Courts	
Total	\$212,470	\$-					

Notes:
Invoice Status:
 CANC - Cancelled
 PAID - Paid



KENTUCKY PUBLIC PENSIONS AUTHORITY

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



To: Kentucky Public Pensions Authority (KPPA) Board
From: Mike Lamb, KPPA, Chief Financial Officer
Date: September 28, 2023
Subject: FY25-26 Biennium Budget Recommendations.

The FY 2024 Budget Planning Workgroup (the Workgroup) was formed during the March 14, 2023, KPPA Board meeting and includes:

- Ms. Lynn Hampton, KPPA Board Member and Chair-Kentucky Retirement System (KRS) Board of Trustees,
- Mr. William O'Mara, KPPA Board Member and County Employees Retirement System (CERS) Trustee,
- Mr. David Eager, KPPA Executive Director,
- Mr. Ed Owens III, CERS CEO,
- Mr. John Chilton, KRS CEO,
- Ms. Rebecca Adkins, KPPA Deputy Executive Director,
- Mr. Mike Lamb, KPPA Chief Financial Officer

The Workgroup makes the following recommendations to the KPPA Board related to the FY 25/26 Biennium Budget, due October 1, 2023, to the Office of State Budget Director (OSBD).

RECOMMENDATIONS:

1. Approve the FY2024/2024 Biennium Baseline Budget Submission of \$51,670,000.
2. Approve an Additional Budget Request (ABR) to increase the KPPA headcount cap by 9 positions for FY 2025, and additional 5 positions for FY 2026. (14 total positions over two years.) and the estimated associated cost (+/- 10%) of \$1.1M for FY 2025, and \$1.8M for FY 2026.

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KPPA
Kentucky Public Pensions Authority

Budget Workgroup
FY 25/26 Biennial Budget
KPPA Board Presentation 9-28-2023





Workgroup

DRAFT

-
- Ms. Lynn Hampton, KPPA Board Member and Chair-Kentucky Retirement System (KRS) Board of Trustees,
 - Mr. William O'Mara, KPPA Board Member and County Employees Retirement System (CERS) Trustee,
 - Mr. David Eager, KPPA Executive Director,
 - Mr. Ed Owens III, CERS CEO,
 - Mr. John Chilton, KRS CEO,
 - Ms. Rebecca Adkins, KPPA Deputy Executive Director,
 - Mr. Mike Lamb, KPPA Chief Financial Officer

In addition, multiple KPPA employees contributed to and participated in the multiple Workgroup meetings, and we express our sincere thanks for all their efforts.

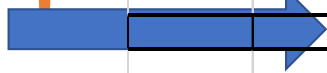


FY 2024 Administrative Budget

AMOUNT SPENT FY 2023	\$ 40,984,427	\$ (9,200,073)
FY 2023 Budget (KBUD)	\$ 50,184,500	
AMOUNT SPENT FY 2022	\$ 40,478,665	\$ (7,526,835)
FY 2022 Budget (KBUD)	\$ 48,005,500	
AMOUNT SPENT FY 2021	\$ 35,750,706	\$ (13,137,494)
FY 2021 Budget (KBUD)	\$ 48,888,200	

ADMINISTRATIVE EXPENSES	FY 2023 ADMIN BUDGET	FY 2024 ADMIN BUDGET	FY 2024 BUDGET vs FY 2023 BUDGET	Change
PERSONNEL				
Subtotal	\$ 36,355,548	\$ 34,520,287	(1,835,262)	-5.05%
LEGAL CONTRACTS				
Subtotal	\$ 980,000	\$ 1,210,000	230,000	23.47%
AUDITING				
Subtotal	\$ 200,000	\$ 300,000	100,000	50.00%
ACTUARIAL SERVICES				
Subtotal	\$ 500,000	\$ 500,000	-	0.00%
MEDICAL EXAMINERS / HEARING OFFICERS				
Subtotal	\$ 1,800,000	\$ 1,800,000	-	0.00%
OTHER PERSONNEL				
Subtotal	\$ 188,000	\$ 500,000	312,000	165.96%
PERSONNEL TOTAL	\$ 40,023,548	\$ 38,830,287	\$ (1,193,262)	-2.98%
OPERATIONAL				
RENTALS - BUILDING & EQUIPMENT				
Subtotal	\$ 1,128,500	\$ 1,166,500	38,000	3.37%
INFORMATION TECHNOLOGY				
Subtotal	\$ 3,578,000	\$ 4,190,000	612,000	17.10%
OTHER OPERATIONAL				
Subtotal	\$ 1,367,900	\$ 1,371,200	3,300	0.24%
OPERATIONAL TOTAL	\$ 6,074,400	\$ 6,727,700	\$ 653,300	10.75%
RESERVE	\$ 4,086,552	\$ 4,882,814	796,262	19.48%
ADMINISTRATIVE BUDGETED AMOUNT	\$ 50,184,500	\$ 50,440,800	\$ 256,300	0.51%

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FY 25/26 Baseline Amounts Provided by OSBD

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TOTAL AMOUNT: OSBD Provided the KPPA with their FY 25/26 amount.

The amount is **\$51,670,900**.

This is \$1,230,100 higher than the FY24 Amount of **\$50,440,800**, and determined as follows by OSBD:

\$1,148,600 was provided for the 6 % salary increase, and

\$81,500 was provided for health insurance increases from the salary and compensation pool located in the Personnel Cabinet appropriation unit

\$	1,148,600.00
\$	81,500.00
\$	1,230,100.00

TOTAL AMOUNT: OSBD also provides the Baseline amounts for Personnel Costs, and that amount is \$37,751,518 (this is part of the \$51.6M Total amount).

RESTRICTED FUNDS: Per the OSBD, as we are spending restricted funds, the KPPA has broad discretion in how the \$51.6M is allocated and / or spend among the various administrative line items.



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FY 25/26 Proposed KBUD Baseline Submission

PERSONNEL This \$37.7M amount comes from the OSBD Baseline Personnel reports. We were allowed to include VACANT positions (at the mid-point) up to our 270 CAP).

LEGAL / RESERVE Budget Work Group recommends we place the unallocated "reserve" into the Legal Contracts Line item for KBUD.

ADMINISTRATIVE EXPENSES		FY 2024 ADMIN BUDGET	FY 2025-2026 PROPOSED KBUD BASELINE SUBMISSION		FY 2024 BUDGET vs FY 2025/2026 KBUD
PERSONNEL					
	Subtotal	\$ 34,520,287		\$37,751,518	3,231,232
LEGAL CONTRACTS					
	Subtotal	\$ 1,210,000	\$ 1,210,000	\$ 4,088,990	2,878,990
AUDITING					
	Subtotal	\$ 300,000		\$ 300,000	-
ACTUARIAL SERVICES					
	Subtotal	\$ 500,000		\$ 500,000	-
MEDICAL EXAMINERS / HEARING OFFICERS					
	Subtotal	\$ 1,800,000		\$ 1,800,000	-
OTHER PERSONNEL					
	Subtotal	\$ 500,000		\$ 500,000	-
PERSONNEL TOTAL		\$ 38,830,287	\$ 1,210,000	\$44,940,508	\$ 6,110,222
OPERATIONAL					
RENTALS - BUILDING & EQUIPMENT					
	Subtotal	\$ 1,166,500		\$ 1,166,500	-
INFORMATION TECHNOLOGY					
	Subtotal	\$ 4,190,000		\$ 4,190,000	-
OTHER OPERATIONAL					
	Subtotal	\$ 1,371,200		\$ 1,373,892	2,692
OPERATIONAL TOTAL		\$ 6,727,700	\$ -	\$ 6,730,392	\$ 2,692
	RESERVE	\$ 4,882,814	\$ 2,878,990	\$ -	(4,882,814)
ADMINISTRATIVE BUDGETED AMOUNT		\$ 50,440,800	\$ 51,670,900	\$51,670,900	\$ 1,230,100



Additional Budget Request

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2024-2026 KENTUCKY BRANCH BUDGET							PRIORITY	
Additional Budget Request: Position Detail Record							Cabinet #:	
(All requested columns rounded to the nearest \$100)							Agency #:	
OPERATING BUDGET RECORD B-5							Agency:	
							Appropriation Unit:	
							Program/Service Unit:	
Governmental Branch:							Sub Program:	
Cabinet/Function:							Posting Unit:	
							REQUEST TITLE:	
								Full Time/
								Part Time/
Position Title	Fund Source	Start Date	Start Salary	Number of Positions	Pay Grade	Class Code	Other	
Staff Attorney III (Hearing Officers)	R	7/1/2024	81,300.00	2	17	20001886	Full Time	
Retirement System Counselor	R	7/1/2024	50,500.00	6	12	21001305	Full Time	
Special Assistant (Risk Officer)	R	7/1/2024	105,000	1	Ungraded	20000377	Full Time	
Special Assistant (Investment Analyst)	R	7/1/2025	109,000	2	Ungraded	20000377	Full Time	
Retirement System Counselor	R	7/1/2025	50,500.00	2	12	21001305	Full Time	
Staff Attorney III	R	7/1/2025	81,300.00	1	17	20001886	Full Time	
TOTAL				14				



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Additional Budget Request

FY 2025					
POSITION	Salary	FICA	ERRET	HEALTHINS	Total
Staff Attorney III (Hearing Officers)	81,300	6219.45	53796.21	12195	153,511
Staff Attorney III (Hearing Officers)	81,300	6219.45	53796.21	12195	153,511
Retirement System Counselor	50,500	3863.25	33415.85	7575	95,354
Retirement System Counselor	50,500	3863.25	33415.85	7575	95,354
Retirement System Counselor	50,500	3863.25	33415.85	7575	95,354
Retirement System Counselor	50,500	3863.25	33415.85	7575	95,354
Retirement System Counselor	50,500	3863.25	33415.85	7575	95,354
Retirement System Counselor	50,500	3863.25	33415.85	7575	95,354
Special Assistant (Risk Officer)	105,000	8032.5	69478.5	15750	198,261
TOTAL 2025	570,600	43,651	377,566	85,590	\$ 1,077,406.9
FY 2026					
Special Assistant (Investment Analyst)	109,000	8338.5	72125.3	16350	205,814
Special Assistant (Investment Analyst)	109,000	8338.5	72125.3	16350	205,814
Retirement System Counselor	50,500	3863.25	33415.85	7575	95,354
Retirement System Counselor	50,500	3863.25	33415.85	7575	95,354
Staff Attorney III	81,300	6219.45	53796.21	12195	153,511
TOTAL 2026	400,300	30,623	264,879	60,045	\$ 755,846.5
Total 2025+2026					\$ 1,833,253.4



Summary

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ADMINISTRATIVE EXPENSES	FY 2024 ADMIN BUDGET	FY 2025-2026 PROPOSED KBUD BASELINE SUBMISSION	ADDITIONAL BUDGET REQUEST		FY 2025-2026 PROPOSED KBUD APPROVAL		FY 2025-2026 PROPOSED KBUD vs. FY 2024 ADMIN BUDGET		% Change	
			FY2025	FY2026	FY2025	FY2026	FY2025	FY2026	FY2025	FY2026
PERSONNEL										
Subtotal	\$ 34,520,287	\$ 37,751,518	\$1,077,407	\$1,833,253	\$38,828,925	\$39,584,771	4,308,638	5,064,485	12.48%	14.67%
LEGAL CONTRACTS										
Subtotal	\$ 1,210,000	\$ 4,088,990	\$ -	\$ -	\$ 4,088,990	\$ 4,088,990	2,878,990	2,878,990	237.93%	237.93%
AUDITING										
Subtotal	\$ 300,000	\$ 300,000	\$ -	\$ -	\$ 300,000	\$ 300,000	-	-	0.00%	0.00%
ACTUARIAL SERVICES										
Subtotal	\$ 500,000	\$ 500,000	\$ -	\$ -	\$ 500,000	\$ 500,000	-	-	0.00%	0.00%
MEDICAL EXAMINERS / HEARING OFFICERS										
Subtotal	\$ 1,800,000	\$ 1,800,000	\$ -	\$ -	\$ 1,800,000	\$ 1,800,000	-	-	0.00%	0.00%
OTHER PERSONNEL										
Subtotal	\$ 500,000	\$ 500,000	\$ -	\$ -	\$ 500,000	\$ 500,000	-	-	0.00%	0.00%
PERSONNEL TOTAL	\$ 38,830,287	\$ 44,940,508	\$1,077,407	\$1,833,253	\$46,017,915	\$46,773,761	\$7,187,628	\$7,943,475	18.51%	20.46%
OPERATIONAL										
RENTALS - BUILDING & EQUIPMENT										
Subtotal	\$ 1,166,500	\$ 1,166,500	\$ -	\$ -	\$ 1,166,500	\$ 1,166,500	-	-	0.00%	0.00%
INFORMATION TECHNOLOGY										
Subtotal	\$ 4,190,000	\$ 4,190,000	\$ -	\$ -	\$ 4,190,000	\$ 4,190,000	-	-	0.00%	0.00%
OTHER OPERATIONAL										
Subtotal	\$ 1,371,200	\$ 1,373,892	\$ -	\$ -	\$ 1,373,892	\$ 1,373,892	2,692	2,692	0.20%	0.20%
OPERATIONAL TOTAL	\$ 6,727,700	\$ 6,730,392	\$ -	\$ -	\$ 6,730,392	\$ 6,730,392	\$ 2,692	\$ 2,692	0.04%	0.04%
RESERVE	\$ 4,882,814	\$ -	\$ -	\$ -	\$ -	\$ -	(4,882,814)	(4,882,814)	-100.00%	-100.00%
ADMINISTRATIVE BUDGETED AMOUNT	\$ 50,440,800	51,670,900	\$1,077,407	\$1,833,253	\$52,748,307	\$53,504,154	\$2,307,507	\$3,063,354	4.57%	6.07%



Kentucky Public Pensions Authority

Division of Internal Audit



Kentucky Public
Pensions Authority

To: Trustees of the County Employees Retirement System

From: William O'Mara, Chair
KPPA Audit Committee
Kristen N. Coffey, CICA *KNC*
Division Director, Division of Internal Audit

Date: September 13, 2023

Subject: Summary of KPPA Audit Committee Meeting

The KPPA Audit Committee held a regularly scheduled meeting on August 24, 2023.

The following items are being presented to the County Employees Retirement System for informational purposes:

- a. The KPPA Audit Committee's approval of the items to be regularly presented to various boards and committees (see attachment).
- b. Status of current internal audit projects (see attachment)



Kentucky Public Pensions Authority

Internal Audit Administration



To: Members of the KPPA Audit Committee

From: Kristen N. Coffey, CICA
Division Director, Internal Audit Administration

Date: August 24, 2023

Subject: Proposed Audit Committee Agenda Items

KPPA staff present information to various boards and committees each quarter. In order to reduce the amount of duplicate information being presented at these meetings, staff are requesting that Audit Committee members consider the proposed schedule outlined below.

Indicates possible approval needed

Indicates potential ratification needed

Topic	Audit Committee	CERS Finance Committee	KRS Board	KPPA Board
Overview of Fiscal Year External Audit	X			X
DRAFT Results of fiscal year external audit, including a. Financial Section of the Annual Report b. GASB 67 and 74	X	X	X	X
DRAFT GASB 68 and GASB 75 Proportionate Share Audits	X	X	X	X
Management Letter Comments	X			X
Auditor Communications with those Charged with Governance	X			X
Fiscal Year Ended Financial Statements (unaudited)	X	X	X	X
Quarterly Financial Statements, including a. Contribution Report b. Admin Expenses c. Penalty Waiver Report d. Outstanding Invoices Report		X	X	X
Update on External Audit/ACFR Timetable	X	X	X	X
Memorandum on Submission of ACFR	X	X	X	X
APA Approval Request for External Audit		X	X	X
DRAFT Management Response to GFOA ACFR Letter	X	X	X	X
Request for Infrastructure and Application Security Assessment	X			X
Charter for the Joint Audit Committee	X			X
Charter for the Division of Internal Audit Administration	X			X

Topic	Audit Committee	CERS Finance Committee	KRS Board	KPPA Board
Annual Risk Assessment and Audit Plan	X			X
Approval of Internal Audit Budget for Upcoming Fiscal Year	X			X
Quarterly Internal Audit Budget	X			X
Issued Reports and/or Memorandums	X			X
Follow-up on Open Internal Audit Findings and Recommendations	X			X
Status of Current Internal Audit Projects	X			X
Information Disclosure Incidents	X			X
Anonymous Tips	X			X
Auditor Independence Statements	X			X
Professional Articles	X			X

Requested Action: KPPA staff request that the Audit Committee approve the presented schedule.

CERS Board Meeting - KPPA Audit Committee Report

Project Code	Project Name	State	Phase	Scheduled Start	Actual Start	Scheduled End	Actual End	Total FY 2024 Audit Plan Hours	FY 2023 Hours	FY 2024 Hours	Estimated Hours	Estimated Hours Variance
2024-1	Review of Investment Manager Fees	Open	Planning	7/10/2023	5/1/2023	10/13/2023		398.00	195.00	79.75	600.00	(202.00)
2024-2	Review of Member Information Utilized for Retirement	Open	Planning	8/7/2023	5/13/2023	12/8/2023		51.50	51.00	0.50	600.00	(548.50)
2024-3	Review of Interest Applied to Member Accounts	Open	Planning	7/3/2023	5/25/2023	10/19/2023		176.75	107.00	28.25	600.00	(423.25)
2024-4	Review of Expense Allocation	Open	Planning	7/3/2023	5/18/2023	9/15/2023		367.25	183.50	76.50	450.00	(82.75)
2024-5	Implementation of New Legislation	Open	Not Started					0.00	0.00	0.00	300.00	(300.00)
2024-6	Review of Employer Outstanding Invoices	Open	Not Started					0.00	0.00	0.00	600.00	(600.00)
2024-7	Review of Employer Contributions	Open	Not Started					0.75	0.75	0.00	600.00	(599.25)
2024-8	Review of Disclosures During Correspondence	Open	Not Started					0.00	0.00	0.00	600.00	(600.00)
2024-9	Review of Administrative Fees	Open	Not Started					0.00	0.00	0.00	600.00	(600.00)
2024-10	Review of Refunds	Open	Not Started					0.00	0.00	0.00	600.00	(600.00)
2024-Other-1	FY 2024 Board and Committee Meetings	Open	Fieldwork	7/1/2023	7/1/2023	6/30/2024		41.50	0.00	14.00	425.00	(383.50)
2024-Other-2	FY 2024 Process Documentation	Open	Planning	7/1/2023	7/5/2023	6/30/2024		5.25	0.00	4.25	300.00	(294.75)
2024-Other-3	FY 2024 Miscellaneous KPPA Projects/Work Groups	Open	Fieldwork	7/1/2023	7/5/2023	6/30/2024		41.50	0.00	29.50	400.00	(358.50)
2024-Other-4	FY 2025 Audit Charter Updates	Open	Not Started					0.00	0.00	0.00	20.00	(20.00)
2024-Other-5	Trustee Election RFP	Open	Fieldwork	12/1/2022	1/26/2023	12/29/2023		10.50	7.00	0.00	125.00	(114.50)
2024-Other-6	Self-Assessment for Peer Review	Open	Planning	7/5/2023	7/11/2023	9/29/2023		96.50	6.75	61.75	500.00	(403.50)
2024-Other-7	FY 2025 Board Election Policy Updates	Open	Not Started					3.25	0.00	0.00	20.00	(16.75)
2024-Other-8	FY 2024 ACFR and SAFR Review	Open	Not Started					6.00	2.00	0.00	150.00	(144.00)
2024-Other-9	FY 2025 Risk Assessment and Audit Plan	Open	Not Started					15.50	0.00	15.50	300.00	(284.50)
2024-Other-10	Internal Audit Meetings	Open	Fieldwork	7/1/2023	7/3/2023	6/30/2024		137.00	0.00	60.00	500.00	(363.00)
2024-Other-11	Other KPPA Meetings	Open	Fieldwork	7/1/2023	7/3/2023	6/30/2024		12.75	0.00	8.75	260.00	(247.25)
2024-Other-12	Evaluations	Open	Fieldwork	7/1/2023	7/3/2023	6/30/2024		35.50	0.00	33.50	70.00	(34.50)
2024-Other-13	Training	Open	Fieldwork	7/1/2023	7/3/2023	6/30/2024		124.75	0.00	86.75	400.00	(275.25)
2024-Other-14	Miscellaneous Internal Audit Projects	Open	Fieldwork	7/1/2023	7/18/2023	6/30/2024		32.50	0.00	20.75	235.00	(202.50)
	Administrative Hours	Open	Fieldwork	7/1/2023	7/1/2023	6/30/2024		218.75	0.00	218.75	882.00	(663.25)
	Non-Working Hours	Open	Fieldwork	7/1/2023	7/1/2023	6/30/2024		172.25	0.00	172.25	650.00	(477.75)
	Holidays	Open	Fieldwork	7/1/2023	7/1/2023	6/30/2024		45.00	0.00	45.00	465.00	(420.00)
								1,992.75	553.00	955.75	11,252.00	

Available Hours FY 2024 (including holidays) 9,975.00
 Available Hours Remaining in FY 2024 (including holidays) 9,037.50

FY 2024 Project Hours Charged 519.75
 FY 2024 Administrative Hours 218.75
 FY 2024 Holidays and Time Off 217.25
Actual Hours Charged for FY 2024 955.75



KENTUCKY PUBLIC PENSIONS AUTHORITY

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TO: Members of the CERS Board of Trustees
FROM: Joint CERS & KRS Retiree Health Plan Committee
DATE: September 13, 2023
SUBJECT: Joint CERS & KRS Retiree Health Plan Committee Report

The Joint CERS & KRS Retiree Health Plan (RHP) Committee met on Thursday, September 05, 2023, to discuss and make recommendations regarding the non-Medicare and Medicare eligible health plans for retirees of the systems operated by the Kentucky Public Pensions Authority (KPPA) for the 2024 plan year. The recommendations of the RHP Committee are documented below in the bolded red font.

Non Medicare-Eligible Retirees (KEHP Plan)

NOTE: See the KPPA KEHP 2024 Presentation in the RHP Diligent Board Books which contains the information for Board Decision Points:

1. Recommendations for:

- The 2024 Percentage Contribution Plan
 - **RHP Committee recommends that the Board select the KEHP LivingWell PPO plan option as the contribution plan.**
- The monthly maximum contribution amount for the Non-Medicare Eligible plan including the contribution for the hazardous Duty Spouse/Dependents
 - **RHP Committee recommends setting the contribution rate (at the single level) as the 100% contribution the Trusts will pay for a retiree with a service credit of 240 months of service or greater and a participation date prior to July 1, 2003. Hazardous rates will also be tied to the rates for the LivingWell PPO Couple, Parent Plus and Family plans.**
- Tobacco Use Fee
 - **RHP Committee recommends the Tobacco Use Fee (\$40 single level; \$80 couple, family, parent plus) remain unchanged for 2024 Retirees (including spouses and dependents) who are tobacco users.**
- Access to the Consumer Directed Health Plans with embedded HRA
 - **RHP Committee recommends allowing access to the Consumer Directed Health Plans with embedded HRA.**

- Proposed LivingWell Promise incentive
 - **RHP Committee recommends Retirees or Planholders that failed to complete the LivingWell promise for plan year 2024 will not be entitled to the discount (\$40) for 2025. The fee/discount remains unchanged for 2024.**
2. Recommendation to set the default plan for retirees for 2024 and allow retirees/beneficiaries and dependents enrolled in the KEHP plan to rollover into the same plan at the same level of coverage if an application is not submitted during Open Enrollment. Also, recommend the same for a New Retiree that fails to submit an application or a waiver of health insurance.
- **RHP Committee recommends the default plan to be the LivingWell Basic (CDHP) (no HRA) plan.**
 - **RHP Committee recommends that the Board allow retirees/beneficiaries and dependents that do not to complete a health insurance application during a mandatory open enrollment be rolled over to the same plan they were enrolled in for 2024 at the same level of coverage.**
 - **RHP Committee recommends that the Board allow new retirees that fail to submit a health insurance enrollment form be defaulted into this plan.**
3. Recommendation for Cross Reference Retirees with Active Employee Spouse: KRS 78.5536 (4)(a)3 provides the employer's contribution for the working member or spouse to be applied toward the premium, and the KPPA insurance trust fund shall pay the balance not to exceed the monthly contribution. The Cross Reference plan is a Family plan. Unless, amended by the Board, the Cross Reference contribution will equal the monthly maximum contribution determined above.
- **RHP Committee recommends that the Board allows retirees described in 3 above the option to select the Cross Reference plans.**
4. Recommendation to set contribution rate for KEHP Medicare Secondary Payer Plan – This plan is for retirees who are Medicare eligible and affected by the Medicare Secondary Payer Act due to reemployment with an employer that participates with the systems operated by KPPA. This group of retirees may be rated separately from the other KEHP population.
- **RHP Committee recommends the same plan that is referenced in number 1 above as the contribution plan at the same contribution rate for this benefit.**

Medicare-Eligible Retirees

NOTE: See the KPPA Medicare Eligible presentation in the Retiree Health Plan Diligent Board Books, with information from Humana and Gabriel, Roeder, Smith Consulting (GRS).

1. Recommendation as to what the contribution rate should be for the Medicare-Eligible plan for 2024.

- **RHP Committee recommends the contribution rate for the KPPA Premium Plan at the rate of \$93.35 as the 100% contribution the Trust will pay for a retiree with a service credit of 240 months of service or greater (the premium paid to Humana will be \$93.35).**
- **RHP Committee recommends setting the contribution rate for the KPPA Premium Plan as the 100% contribution the Trust will pay for a hazardous duty spouse and/or an eligible dependent.**
- **RHP Committee recommends the premium for the KPPA Essential Plan be set at a rate of \$4.07 (the amount paid to Humana will be \$4.07).**
- **The Committee recommends the Medical Only Plan premium at \$188.73, the Medicare Advantage Mirror Premium Plan at \$328.11, and the Medicare Advantage Mirror Essential Plan at \$228.98.**

2. Recommendation to pay for the additional administrative fees for retirees who are required to enroll in one of the Mirror plans and who fall under certain exceptions. Recommendation for individuals without Medicare Part B to enroll in the Mirror Plans and the individual would be responsible for the additional cost above the contribution amount. When the individual obtains Part B, KPPA will transition them to the Medicare Advantage Plan they choose on the Insurance Application.

Upon implementation of the Medicare Advantage plans, the Boards have approved payment for administrative fees (estimated \$234.76 per month for 2024) for individuals who need to be enrolled in one of the Mirror Plans for several enumerated reasons (administrative exceptions):

- Individual is scheduled for a transplant or surgery at a hospital that Humana confirms will not accept Humana Medicare Advantage for said procedure for said individual.
- Individual is undergoing treatment by a specialist that Humana confirms will not accept Humana Medicare Advantage for said treatment for said individual.

- Individual resides outside Humana's Filed and Approved MA-PPO network service area where Humana affirms there are provider access issues (e.g., non-acceptance of Humana Medicare Advantage)

Note: There are (2) retirees that meets this criterion.

- **RHP Committee recommends that administrative fees continue to be paid for administrative exceptions in 2024, under the circumstances set forth in the three bullet points above.**
 - **RHP Committee recommends that an individual without Medicare Part B be allowed to enroll in the Medicare Advantage Mirror Plans and they will be responsible for paying the additional cost above the contribution amount.**
3. Recommendation to set the default plan for retirees and their dependents for 2024.
- **RHP Committee recommends that that the default plan for Medicare eligible retirees be the KPPA Medical Only Plan.**

Additionally, the RHP Committee reviewed the information provided by Humana regarding benefit enhancements to the Medicare Advantage plans. The Committee voted unanimously to table the discussion on plan benefit enhancements; therefore, no benefit enhancements will be added to the 2024 Medicare Advantage plan design.

RECOMMENDATION: The RHP Committee recommends ratification of the above decisions by the CERS Board.



KENTUCKY PUBLIC PENSIONS AUTHORITY

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TO: Members of the CERS Board of Trustees
FROM: Joint CERS & KRS Retiree Health Plan Committee
DATE: September 13, 2023
SUBJECT: Special Called Joint CERS & KRS Retiree Health Plan Committee Report

The Joint CERS & KRS Retiree Health Plan (RHP) Committee met on Tuesday, September 12, 2023, for a special called meeting to discuss the impact to the cost of the Medicare eligible health plans for 2024 based on the Joint RHP Committee's recommendation of setting the Monthly Contribution Rate at \$93.35 and the Contribution Plan as the KPPA Premium Medicare Advantage plan. KPPA staff prepared and presented a cost analysis for 2024 which can be found in the Joint RHP Committee Board Book.

The RHP Committee made an updated recommendation from what was decided at the September 5, 2023 meeting as follows:

The Committee recommends the Medical Only plan premium of \$188.73 be set as the Monthly Contribution Rate amount and the Medical Only plan as the contribution plan for retirees of the systems operated by the Kentucky Public Pensions Authority (KPPA) for the 2024 plan year.

RECOMMENDATION: The RHP Committee recommends ratification of the above decisions by the CERS Board.



MEMORANDUM

TO: County Employees Retirement System Board of Trustees

From: Dr. Merl Hackbart, Chair
Investment Committee

Date: September 13, 2023

Subject: Summary of Investment Committee Regular Meeting

The County Employees Retirement System Investment Committee held its regular meeting on August 30, 2023.

1. **No items were approved by the Investment Committee that would require ratification by the County Employees Retirement System Board of Trustees.**
 - a. The Investment Committee meeting was “Information Only” and yielded no items that require ratification by the Board of Trustees.

2. **During the regular meeting on February 22, 2023, the Committee also heard the following reports.**
 - a. Wilshire, the investment consultant for CERS, provided the Committee with a market overview that included their capital market assumptions. In sum, Wilshire communicated to the Committee that the broader market has priced in a slowdown in the economy. The equity markets have continued to increase although there is a growing concern that the increase is driven by a small, concentrated group of mega cap tech companies. Wilshire further communicated that the yield curve remains inverted making the Fixed Income asset class very attractive.

 - b. The KPPA Investment Office presented the quarterly update on portfolio performance as well as fiscal year end performance. The CERS plans had very significant returns for the year. The CERS pension funds (HAZ, NON-HAZ) had an average return of 10.3%. The CERS insurance funds had a fiscal year average return of 10.2%. We significantly outperformed the benchmarks in every fund

and our peer-to-peer return, though difficult to compute, would have placed our funds in the top 10% of public pension fund returns.

The Investment Office also indicated they had rebalanced the US equity portfolio to the target allocation into the headwind of a strong equity market.

- c. Both the Investment Office and Wilshire spoke to the on-going comprehensive asset/liability study that is underway. Steve Willer indicated they were almost to the point of bringing in the Investment Committee Chairs to discuss proposed changes in the asset allocation of the portfolios. Chairman Hackbart indicated he would like to schedule a special Investment Committee meeting once the asset allocation recommendations were finalized so that the entire committee could have input into the process.



KENTUCKY PUBLIC PENSIONS AUTHORITY

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To: County Employees Retirement System

From: Steve Willer, CIO
Office of Investments

Date: September 13, 2023

Subject: Summary of Investment Committee Meeting

The County Employees Retirement System Investment Committee held a regularly scheduled meeting on August 30, 2023.

1. **No recommendations were made that required approval by the Investment Committee.**
2. **No actions were taken that required ratification by the County Employees Retirement Systems Board of Trustees.**
3. Investment Staff and Wilshire presented material* and discussed the following items during the Investment Committee meeting.
 - a. Review of Economic Conditions, Market Activity, and updated Asset Class Assumptions
 - b. Absolute and Relative Performance and Asset Allocations for the Pension and Insurance Portfolios - *For the Fiscal year performance for all of the portfolios exceeded their Assumed Rates of Return and outperformed the benchmark return of 9.54%.*
 - CERS Pension 10.24%*
 - CERSH Pension 10.33%*
 - CERS Insurance 10.33%*
 - CERSH Insurance 10.11%*
 - c. Compliance – *No compliance violations as of June 30, 2023*
 - d. Investment Budget Update – *For Fiscal 2023, expenditures totaled \$6.2MM, \$2.4mm under budget. The total approved for the FY24 Investment Budget is \$10.3MM, an increase of \$1.7MM which includes an increase of \$3MM for legal expenses related to ongoing litigation.*
 - e. Implementation of the CERS Proxy Voting Policy – *As of 6/30/23 all amendments have been finalized and all eligible proxies are being voted in accordance with the CERS Proxy Voting Policy.*
 - f. Asset/Liability and Asset Allocation project – *Finalizing recommended revisions to the Asset Allocation targets and ranges to be presented to the Investment Committee based on updated Capital Market Assumptions*

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

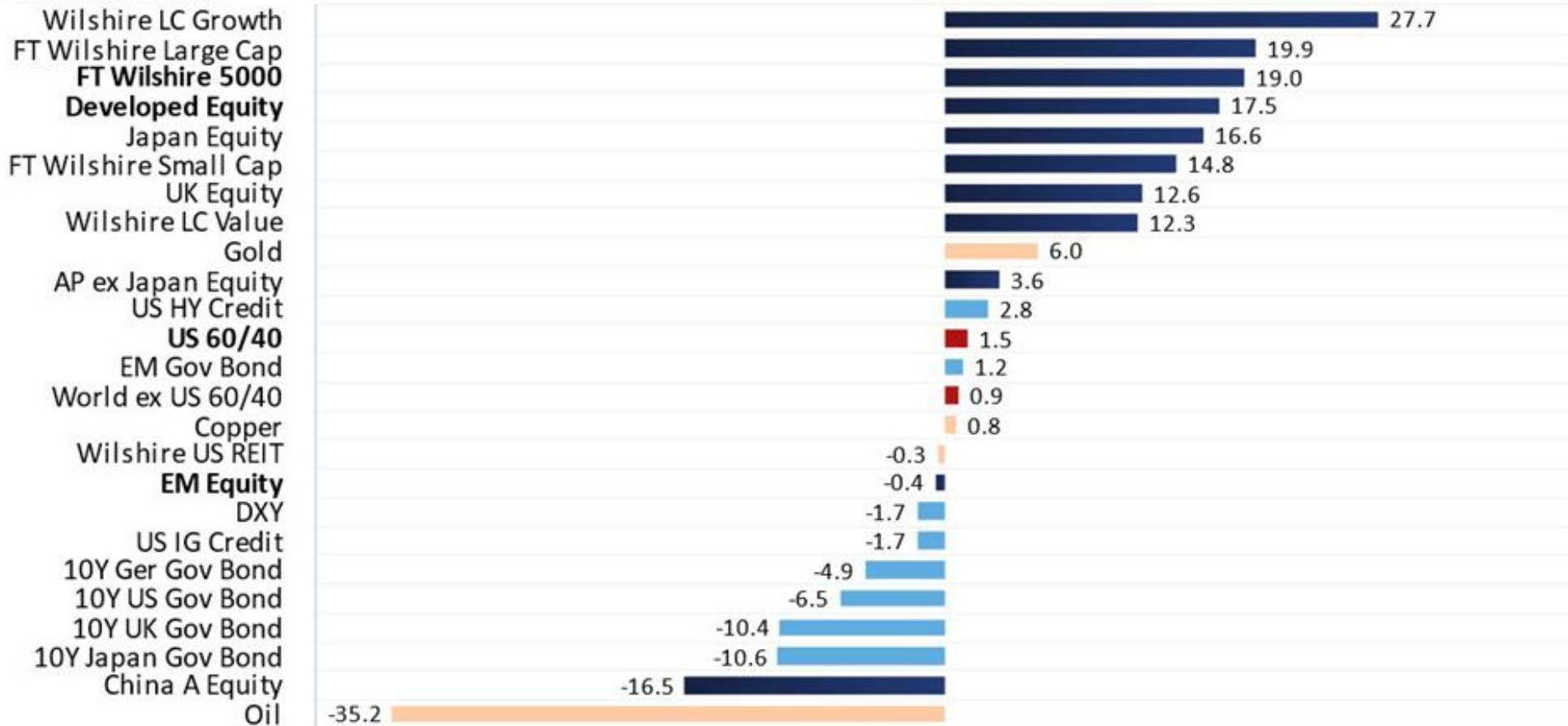
County Employees Retirement Systems

Investment Office Quarterly Update

Quarter Ending: June 30, 2023

Asset Class Performance

12M USD TR %



Asset Class Performance

Asset Class Returns - Best to Worst

Annualized
5-Year
as of 6/23

2018	2019	2020	2021	2022	2023 YTD	Annualized 5-Year as of 6/23
T-Bills 1.9%	U.S. Equity 31.0%	U.S. Equity 20.8%	REITs 46.2%	Commodities 16.1%	U.S. Equity 16.3%	U.S. Equity 11.7%
Core Bond 0.0%	REITs 25.8%	Emrg Mrkts 18.7%	Commodities 27.1%	T-Bills 1.3%	Developed 12.1%	Developed 4.9%
U.S. TIPS -1.3%	Developed 22.7%	U.S. TIPS 11.0%	U.S. Equity 26.7%	High Yield -11.2%	REITs 6.7%	Commodities 4.7%
High Yield -2.1%	Emrg Mrkts 18.9%	Developed 8.3%	Developed 11.8%	U.S. TIPS -11.8%	High Yield 5.4%	REITs 4.4%
REITs -4.8%	High Yield 14.3%	Core Bond 7.5%	U.S. TIPS 6.0%	Core Bond -13.0%	Emrg Mrkts 5.1%	High Yield 3.4%
U.S. Equity -5.3%	Core Bond 8.7%	High Yield 7.1%	High Yield 5.3%	Developed -14.0%	T-Bills 2.3%	U.S. TIPS 2.5%
Commodities -11.2%	U.S. TIPS 8.4%	T-Bills 0.7%	T-Bills 0.0%	U.S. Equity -19.0%	Core Bond 2.1%	T-Bills 1.5%
Developed -13.4%	Commodities 7.7%	Commodities -3.1%	Core Bond -1.5%	Emrg Mrkts -19.7%	U.S. TIPS 1.9%	Emrg Mrkts 1.3%
Emrg Mrkts -14.2%	T-Bills 2.3%	REITs -7.9%	Emrg Mrkts -2.2%	REITs -26.8%	Commodities -7.8%	Core Bond 0.8%

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

June 2023 Asset Class Assumptions

	Equity						Fixed Income						Real Assets						
	US Stock	Dev ex-US Stock	Emg Stock	Global ex-US Stock	Global Stock	Private Equity	Cash	Core Bond	LT Core Bond	TIPS	High Yield	Private Credit	Dev ex-US Bond (Hdg)	US RES	Global RES	Private RE	Cmdty	Real Assets	US CPI
Compound Return (%)	5.50	6.50	6.75	6.85	6.15	9.00	3.85	4.85	4.80	4.05	6.20	8.35	3.05	5.75	5.90	6.00	6.10	6.60	2.25
Expected Risk (%)	17.00	18.00	26.00	19.05	17.10	29.65	0.75	4.70	9.85	6.00	10.00	12.75	4.00	17.50	16.45	13.90	16.00	12.35	1.75
Cash Yield (%)	1.50	3.10	2.60	2.95	2.05	0.00	3.85	4.95	5.15	4.35	9.40	5.00	3.60	4.05	4.05	2.30	3.85	3.25	0.00
Growth Exposure	8.00	8.00	8.00	8.00	8.00	14.00	0.00	-0.95	-2.40	-3.00	4.00	5.10	-1.00	6.00	6.00	3.50	0.00	2.70	0.00
Inflation Exposure	-3.00	0.00	5.00	1.45	-1.30	-3.75	0.00	-2.50	-6.80	2.50	-1.00	-1.50	-3.00	1.00	1.80	1.00	12.00	5.25	1.00
Correlations																			
US Stock	1.00																		
Dev ex-US Stock (USD)	0.81	1.00																	
Emerging Mkt Stock	0.74	0.74	1.00																
Global ex-US Stock	0.84	0.95	0.89	1.00															
Global Stock	0.95	0.91	0.84	0.94	1.00														
Private Equity	0.72	0.63	0.61	0.67	0.73	1.00													
Cash Equivalents	-0.05	-0.09	-0.05	-0.08	-0.06	0.00	1.00												
Core Bond	0.28	0.13	0.00	0.08	0.20	0.30	0.18	1.00											
LT Core Bond	0.31	0.15	0.01	0.11	0.24	0.31	0.11	0.94	1.00										
TIPS	-0.05	0.00	0.15	0.06	-0.01	-0.03	0.20	0.60	0.48	1.00									
High Yield Bond	0.54	0.39	0.49	0.46	0.53	0.31	-0.10	0.24	0.32	0.05	1.00								
Private Credit	0.68	0.55	0.58	0.60	0.68	0.44	0.00	0.24	0.30	0.00	0.76	1.00							
Dev ex-US Bond (Hdg)	0.16	0.25	-0.01	0.16	0.17	0.26	0.10	0.68	0.66	0.39	0.26	0.22	1.00						
US RE Securities	0.58	0.47	0.44	0.49	0.57	0.49	-0.05	0.17	0.22	0.10	0.56	0.62	0.05	1.00					
Global RE Securities	0.64	0.57	0.54	0.60	0.65	0.55	-0.05	0.17	0.21	0.11	0.61	0.68	0.04	0.96	1.00				
Private Real Estate	0.55	0.45	0.45	0.49	0.54	0.50	-0.05	0.19	0.25	0.09	0.58	0.63	0.05	0.79	0.78	1.00			
Commodities	0.25	0.34	0.39	0.38	0.32	0.28	0.00	-0.03	-0.03	0.25	0.29	0.29	-0.10	0.25	0.28	0.25	1.00		
Real Assets	0.62	0.63	0.65	0.69	0.67	0.57	-0.03	0.22	0.24	0.30	0.64	0.69	0.04	0.78	0.84	0.76	0.64	1.00	
Inflation (CPI)	-0.10	-0.15	-0.13	-0.15	-0.13	-0.10	0.10	-0.12	-0.12	0.15	-0.08	0.00	-0.08	0.05	0.04	0.05	0.44	0.22	1.00

County Employees Retirement Systems

Performance and Asset Allocations

Quarter Ending: June 30, 2023

Overview

The narrative focus of the markets shifted from 'transitory' to 'resilient' as risk markets continued to rebound and perform better than expectations despite a multitude of headwinds including the gradual acceptance that inflation might take longer to moderate than hoped resulting in the global central banks having to keep interest rates higher for longer.

The CERS and CERS-H Pension portfolios produced returns of 3.30% and 3.31% respectively during the quarter while the CERS Insurance portfolio returned 3.24% and the CERS-H Insurance portfolio produced a return of 3.25% compared to their benchmark performance of 4.06%. Underperformance in the Public Equity and Private Equity portfolios were the primary drivers of relative performance during the quarter as the benefit from the underweight to Real Return was offset by the proxy overweight to Specialty Credit. The relative underperformance in the Private Equity portfolios was partially driven by vintage and legacy issues as well as the issues associated with timing differences between the private market mandates and the public market benchmarks which tend to be exacerbated during periods of larger moves in the public markets.

For the fiscal year, the CERS Pension Composite gained 10.27%, outperforming the benchmark return of 9.54%, while the CERS Insurance Composite returned 10.26%, outperforming the benchmark return by 72bps. Fiscal Year outperformance was driven by strong performance in the Public Equities, Core Fixed Income, Private Equity and Real Return portfolios which was partially offset by underperformance in the Specialty Credit portfolio.

Public Equity

Global equity markets continued to advance during the second quarter, gaining 6.18% per the MSCI ACWI. This brought the asset class return to 16.53% for the one-year period. US markets outpaced Non-US markets for the year (18.95% versus 12.47%), driven by their significant outperformance during the quarter ending June 30, 2023. For the quarter, US markets returned 8.39% per the Russell 3000, compared to the 2.38% of international markets.

US market gains during the second quarter were the result of a narrow market driven almost entirely by mega cap tech, growth, and the excitement surrounding artificial intelligence (AI). The fuel behind this

market push was four-fold. Liquidity provided in response to the regional banking crisis experienced in the early quarter, mega cap safe haven perception during volatility, P/E multiple expansion in large cap tech names, and an almost euphoric response to AI and its potential. In addition, inflation and the Fed continue to significantly influence the market. Inflation continued to fall during the quarter, allowing the Fed to slow the pace of additional hikes, causing some to conclude that we may have reached the end of the tightening cycle.

Non-US developed markets pushed higher, partly in response to abating concerns surrounding the US banking system. European and UK markets gained as their central banks continued to raise rates in an attempt to curtail inflation in the region. Broadly speaking, as with the domestic market, large-cap stocks outperformed small caps, and growth outpaced value. An interesting phenomenon is occurring where a divergence between hard and soft data continues to manifest. Despite recession fears, the consumer has remained relatively strong and wage growth continues. Manufacturing trends also remain positive as supply chain issues subside and capacity continues to come online.

The KPPA global equity returned 5.57% during the quarter versus its benchmark return of 6.18%. Relative underperformance is primarily the result of allocation. The KPPA global equity portfolio is slightly underweight domestic markets compared to that of the benchmark, which created a relative performance headwind as US markets broadly outperformed their international counterparts.

Within the US equity allocation, the portfolio trailed its index by 61bps (7.78% vs 8.39%). This was the result of a combination of stock selection and allocation decisions. Strong returns concentrated in just seven names at the top of the market drove US index returns and created a hurdle for active management. The “Magnificent 7” returned approximately 64% in the first 6 months of the year versus just 3% for the rest of the S&P 500. This extraordinary performance has now created a scenario where these few companies account for over 15% of the global market cap. As a result, investments down market cap and those with a value orientation had no chance of keeping pace. The strong relative outperformance of the mega cap growth names seems unsustainable.

The international equity allocation performed well from a relative perspective, returning 2.47% versus the benchmark return of 2.38%. Relative outperformance was driven by strong stock selection from the value mandates within the portfolio, both active developed and the emerging market managers.

The KPPA global equity portfolio returned 17.74% versus 16.53% for the fiscal year. This was primarily attributed to stock selection. The US equity portion of the portfolio returned 18.54% versus the Russell 3000 return of 18.95%. Stock selection was particularly strong within the mid-, small, and micro-cap

strategies; however, it was not able to overcome the influence of the narrow market and value headwinds. The Non-US portfolio returned 16.43% versus the MSCI ACWI Ex-US return of 12.72%. Strong stock selection drove relative outperformance, with all active mandates, with the exception of one, beating their respective benchmark.

Core Fixed Income

The Bloomberg U.S. Aggregate Bond Index returned (0.36%) for June resulting in a quarterly loss of (0.84%) and finishing the fiscal year losing (0.94%) as U.S. Treasury yields rose and credit spreads tightened. The yield curve inverted further during June, almost entirely from higher yields at the shorter end of the curve. Rising fed funds expectations, reinforced by data consistently stronger than expected in June, helped move 2-year UST yields to their highest since the first week of March. The 10 year and 20 year Treasuries were steadier through the month, reaching as high as 3.84% and 4.12%, respectively. Bank tensions caused the 2-year UST to rally in March, narrowing the 10s-2s spread, but the inversion has since moved to its widest level of the quarter.

Corporate bonds were the best performing spread sector for the quarter and fiscal year, returning 1.31% and 3.98% in excess returns to Treasuries, respectively. The Securitized sector (CMBS, ABS and MBS) provided 0.76% excess return for the quarter but a loss of (0.41%) for the fiscal year.

The Core Fixed Income portfolio posted a loss of (0.12%) for the quarter but a positive return of 1.27% for the fiscal year, outperforming the benchmark by 0.72% for the quarter and 2.21% for the fiscal year. The relative outperformance is directly attributable to the underweight overall duration as rates rose and allocations to the Corporate and ABS sectors within our mandates.

Specialty Credit - Private Equity – Real Return – Real Estate

High yield bonds delivered strong returns for the quarter and fiscal year as the benchmark posted returns of 2.45% and 9.94%, respectively. Performance was driven by positive sentiment around the economy, including receding macro risks and resilient labor market data causing spreads to compress on the high yield side. For the loan universe, key performance drivers were a steady rise in rates, lighter retail withdrawals and collateralized loan obligation (CLO) origination.

June 2023

KPPA MONTHLY PERFORMANCE UPDATE

CERS/CERS-H

At the end of June, default activity was elevated and raised the high yield bond default rate to a fresh 2-year high. The par-weighted U.S. high yield bond and loan default rates increased to 2.71% and 2.94%, respectively. Although default rates have moved higher, forecasts for broader high yield bond and leveraged loan defaults for the remainder of 2023 continue to be 3.00% and 3.50%, respectively. These rate projections remain roughly in line with long-term averages of 3.2% for high yield bonds and 3.1% for leveraged loans. The Federal Reserve's seven rate increases totaling 350 basis points during FY 2022-23 greatly improved current and future expected returns in the Specialty Credit portfolio. Although defaults have increased, the pickup in yield has helped areas with floating rate exposure like direct lending and regulatory capital relief produce high single digit to low teens returns for the fiscal year.

The Specialty Credit portfolio returned 1.90% for the quarter ending June 30 and 7.16% for the fiscal year underperforming the benchmark by 0.55% and 2.78%, respectively. The relative underperformance was driven by portfolios with underlying real estate exposure as part of the mandate as those sectors lagged as well as the issues associated with timing differences between the private market mandates and the public market benchmarks which tend to be exacerbated during periods of larger moves in the public markets. However, the portfolio has performed well over longer time periods as represented by the 3-Year and 5-Year returns outperforming the benchmark by 2.96% and 1.88%, respectively. The top three managers within the Specialty Credit portfolio for the fiscal year were Capital Springs returning 21.41%, Blue Torch returning 14.13% and Arrowmark returning 13.81%.

The slowdown in M&A and real estate that began in 2022 continued through the first half of 2023. Increasing interest rates have reduced the value of the discounted cash flows that underpin asset values, but this mathematic change has generally not been accepted by sellers in their expectations of asset value.

As a result of this bid/ask spread, global private equity deal volume fell 63% year-over-year in the first half of 2023 according to Dealogic. Similarly, CBRE noted that global commercial real estate investment volume declined by 55% year-over-year in the first quarter of 2023. Higher rates have also tightened credit availability. Although this has constrained new deal activity overall, lenders that remain in the market have benefited as their capital has become more valuable.

Though not as steep as the decline in public markets, valuations in private equity and venture capital fell noticeably during the fiscal year. The aforementioned decline in deal activity has also slowed fundraising. The \$107 billion raised by global private equity firms from April-June 2023 was down 35% compared to prior year and the lowest quarterly total since 2018, according to Preqin. The KPPA portfolio has been primarily impacted by markdowns in its legacy fund-of-funds and venture capital assets. While many of

these are still strong performers in absolute terms, their valuations have come down from 2021 peak levels.

Asset markdowns in Real Estate investments continued during the quarter but seem to be more a result of interest rate increases rather than deteriorating property-level fundamentals. Industrial has grown to be the portfolio's largest sector exposure, and while rent growth in that area has slowed, it continues to rise as occupancy remains in the high-90s. Occupancy has stayed stable or even increased in certain sectors of the portfolio, like student housing and senior living. The portfolio also stands to benefit from reduced supply, as higher interest rates constrain new construction across all sectors.

MLP exposure has been the main driver of performance in the Real Return portfolio, returning nearly 30% for the fiscal year. Strong cash flows, disciplined capex, and consolidation have contributed to the industry's 30% annualized returns for the past 3 years since its crash during the early months of COVID. Additionally, higher rates benefited the portfolio's infrastructure debt portfolio as well as its legacy Prisma exposure, which is mostly in cash pending litigation. The Real Return portfolio has also begun to grow as the mandates approved earlier this year begin to deploy capital. KPPA has met two capital calls totaling 20% of its fund commitment to Arctos and expects to fund a sizable portion of its commitment to Maritime Partners in the September/October timeframe.

Cash

Federal Reserve officials paused in June following 15 months of interest-rate hikes but signaled they would likely resume tightening to cool inflation. New economic projections released in June showed the Fed expects to raise rates, at a slower pace, to 5.60% by year-end 2023 from 5.10% in March, according to the median estimate.

The T-Bill market has so far shown no significant disruptions from one month of catch-up Treasury issuance following the debt ceiling resolution. T-Bill yields hovered near 5.10% and did not experience the wild increases or fluctuations some had feared. As expected, the Fed's reverse repo facility has provided a big buffer for this needed liquidity, declining in step with the increasing issuance and taking much of the pressure off bank reserves.

The 3-month T-Bill ended June yielding 5.28%. However, from a total return perspective, the cash benchmark returned 0.43% for the month, 1.25% for the quarter and ended the fiscal year returning 3.75%. The pause from the Federal Reserve allowed the cash portfolio to catch-up to market rates

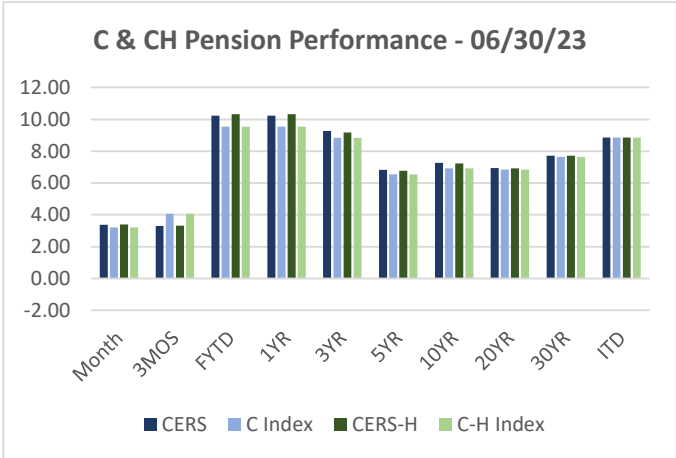
June 2023

KPPA MONTHLY PERFORMANCE UPDATE

CERS/CERS-H

returning 0.40% for June but lagging the benchmark for the quarter returning 1.05% and fiscal year-end returning 3.38%. The underperformance is attributable to lower rates offered by overnight repurchase agreements which is tied to the Fed Funds rate relative to market yields of the 3-month T-Bill. Since the Federal Reserve has begun to slow interest rate hikes, the difference in deposit rates compared to market rates will begin to compress going forward.

End of June key cash market interest rates: Fed Funds Effective 5.08%, 1M T-Bill 5.11% and 3M T-Bill 5.28%.

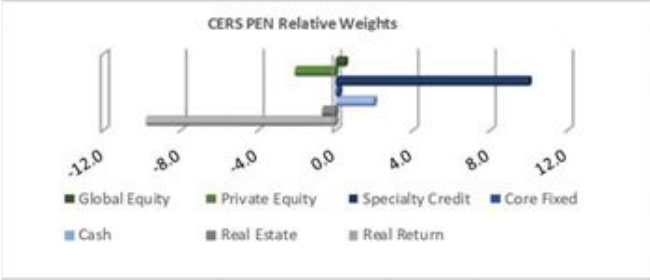
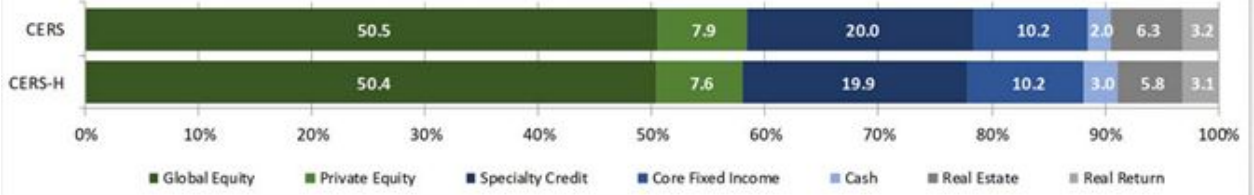


CERS & CERS-HAZ - PENSION FUND PLAN NET RETURNS - 06/30/23

Plan	Market Value	Month	3 Months	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	20 Years	30 Years	ITD
CERS	8,693,825,539.82	3.38	3.30	10.24	10.24	9.26	6.82	7.27	6.93	7.72	8.85
KY Ret. CKERS Plan IPS Index		3.20	4.06	9.54	9.54	8.83	6.55	6.92	6.85	7.65	8.86
CERS- H	3,006,298,532.55	3.39	3.31	10.33	10.33	9.18	6.76	7.24	6.92	7.71	8.85
KY Ret. CERS Haz Plan IPS Index		3.20	4.06	9.54	9.54	8.83	6.55	6.92	6.85	7.65	8.86

KPPA PENSION FUND UNIT - NET RETURNS - 06/30/23 - PROXY PLAN ASSET PERFORMANCE

Structure	Month	3 Months	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	20 Years	30 Years	ITD
PUBLIC EQUITY	5.72	5.57	17.74	17.74	10.87	7.55	8.57	7.89	8.61	10.21
MSCI ACWI	5.81	6.18	16.53	16.53	10.83	7.52	8.46	7.82	8.41	10.05
PRIVATE EQUITY	3.51	3.13	-1.55	-1.55	19.70	13.91	13.39	12.29		11.82
Russell 3000 + 3%(Qtr Lag)	3.04	8.02	-5.58	-5.58	21.56	13.51	14.96	11.97		11.83
SPECIALTY CREDIT	1.67	1.90	7.16	7.16	7.72	5.66				5.70
50% BB US HY / 50% SP LSTA Leveraged Loan	1.97	2.45	9.94	9.94	4.76	3.78				3.73
CORE FIXED INCOME	-0.29	-0.12	1.27	1.27	-0.35	2.23				2.39
Bloomberg Barclays US Aggregate	-0.36	-0.84	-0.94	-0.94	-3.96	0.77				1.52
CASH	0.40	1.05	3.38	3.38	1.24	1.59	1.21	1.69	2.71	3.31
Citigroup Treasury Bill-3 Month	0.43	1.25	3.75	3.75	1.33	1.57	0.98	1.31	2.33	2.92
REAL ESTATE	-1.81	-2.19	-2.69	-2.69	11.12	10.38	9.81	8.23	6.64	6.64
NCREIF NFI-ODCE Net 1 Qtr in Arrears Index^	-3.38	-3.38	-3.91	-3.91	7.46	6.56	8.47	7.13	7.60	6.47
REAL RETURN	3.33	2.55	12.77	12.77	12.72	6.42	4.71			4.83
US CPI +3%	0.49	1.81	7.05	7.05	12.76	6.45	4.06			4.13



CERS INS & CERS HAZ INS - INSURANCE FUND - PLAN NET RETURNS - 06/30/23

Plan	Market Value	Month	3 Months	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	20 Years	30 Years	ITD
CERS INS	3,274,939,261.35	3.32	3.24	10.33	10.33	9.20	6.68	7.24	6.71	6.84	7.37
KY Ins. CERS Plan IPS Index		3.20	4.06	9.54	9.54	8.62	6.28	6.90	6.92	7.04	7.56
CERS - H INS	1,606,039,586.96	3.34	3.25	10.11	10.11	9.35	6.76	7.30	6.74	6.86	7.39
KY Ins. CERS Haz Plan IPS Index		3.20	4.06	9.54	9.54	8.62	6.28	6.90	6.92	7.04	7.56

KPPA INSURANCE FUND UNIT - NET RETURNS - 06/30/23 - PROXY PLAN ASSET PERFORMANCE

Structure	Month	3 Months	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	20 Years	30 Years	ITD
PUBLIC EQUITY		5.71	5.52	17.60	17.60	10.88	7.53	8.62	7.80	8.57
MSCI ACWI		5.81	6.18	16.53	16.53	10.81	7.49	8.47	7.55	8.37
PRIVATE EQUITY		2.60	2.53	1.99	1.99	21.29	13.25	14.42	11.79	10.96
Russell 3000 + 3%(Qtr Lag)		3.04	8.02	-5.58	-5.58	21.56	13.51	14.96	11.74	11.39
SPECIALTY CREDIT		1.68	2.01	7.37	7.37	7.78	5.61			5.57
50% BB US HY / 50% SP LSTA Leveraged Loan		1.97	2.45	9.94	9.94	4.76	3.78			3.73
CORE FIXED INCOME		-0.31	-0.15	1.14	1.14	-0.48	2.06			2.11
Bloomberg Barclays US Aggregate		-0.36	-0.84	-0.94	-0.94	-3.96	0.77			1.52
CASH		0.40	1.04	3.36	3.36	1.22	1.48	1.03	1.53	2.45
Citigroup Treasury Bill-3 Month		0.43	1.25	3.75	3.75	1.33	1.57	0.98	1.31	2.35
REAL ESTATE		-2.02	-2.38	-3.06	-3.06	10.84	10.29	9.76		9.60
NCREIF NFI-ODCE Net 1 Qtr in Arrears Index^		-3.38	-3.38	-3.91	-3.91	7.46	6.56	8.47		6.18
REAL RETURN		3.56	2.86	11.12	11.12	11.64	6.28	4.54		4.60
US CPI +3%		0.49	1.81	7.05	7.05	11.94	6.45	4.11		4.18

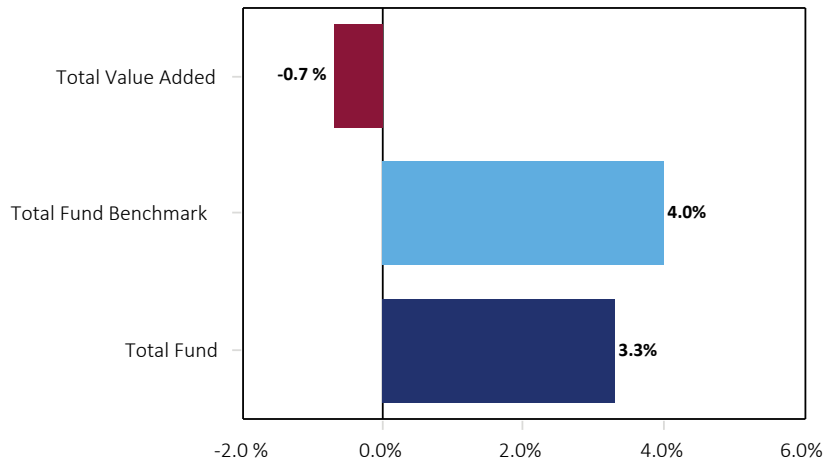


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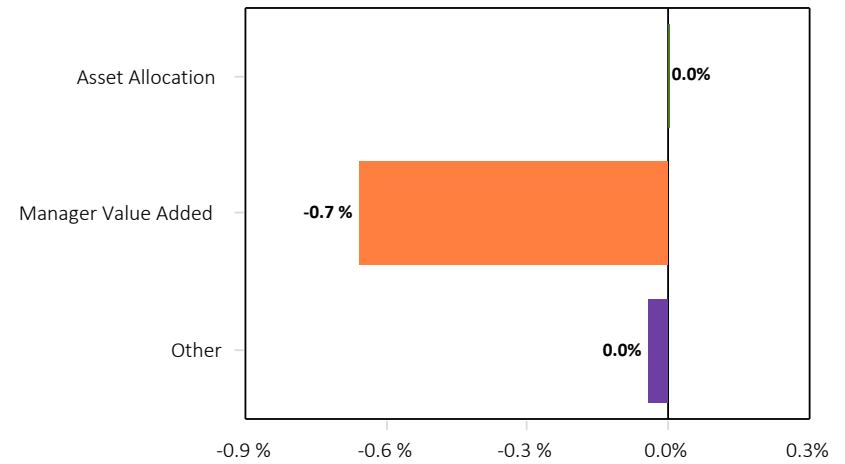
CERS Pension Plan

Periods Ended 1 Quarter Ending June 30, 2023

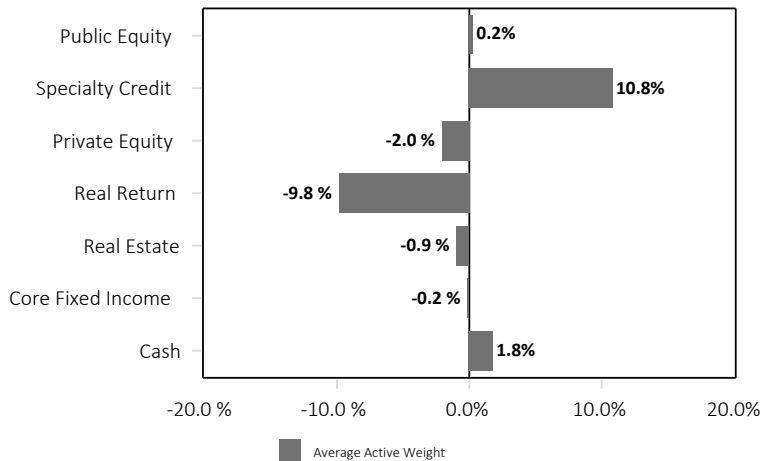
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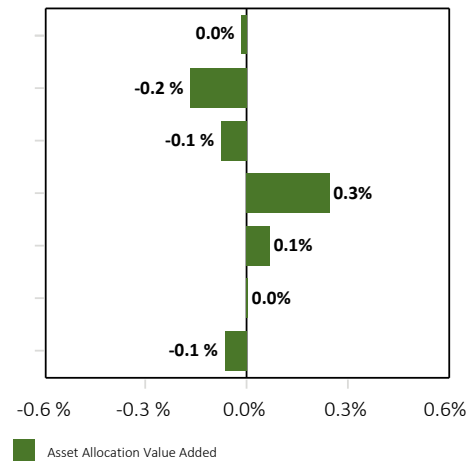
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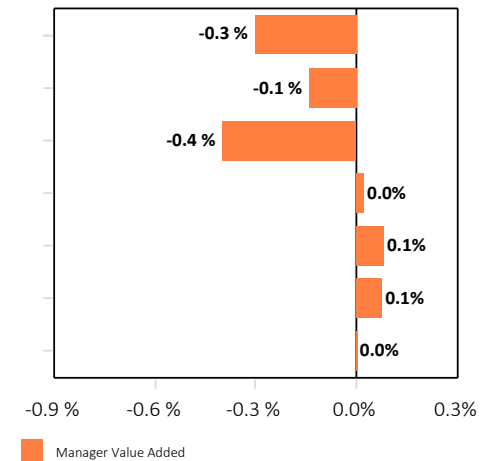
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Asset Allocation Value Added:0.0%



Total Manager Value Added:-0.7%

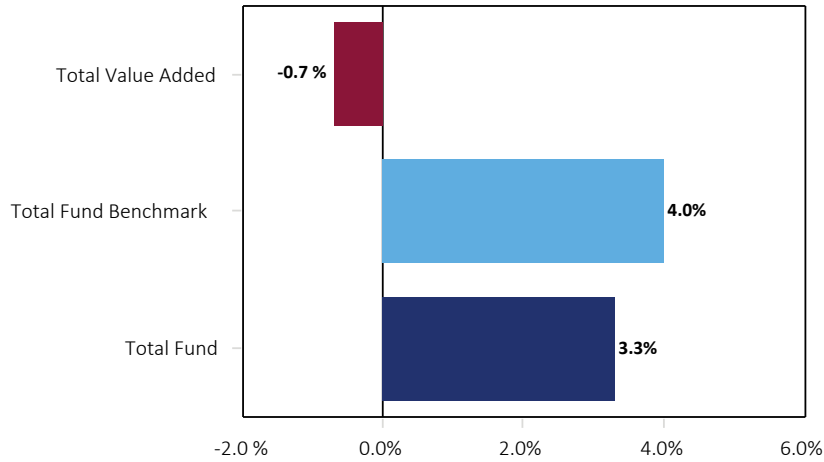


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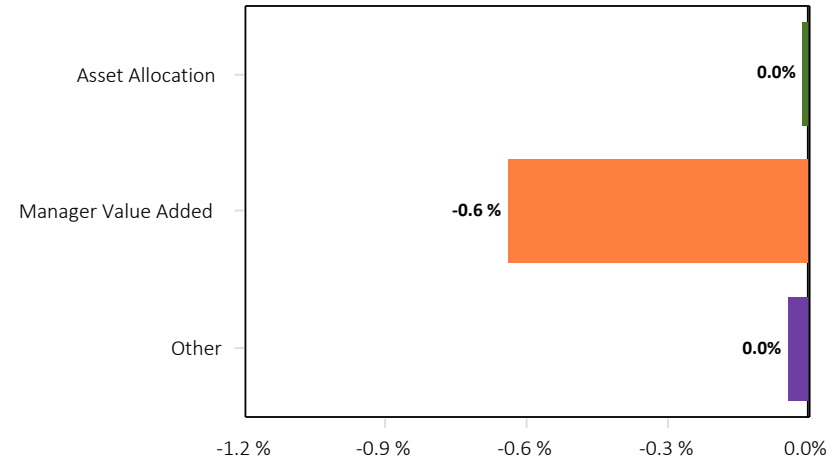
CERS (H) Pension Plan

Periods Ended 1 Quarter Ending June 30, 2023

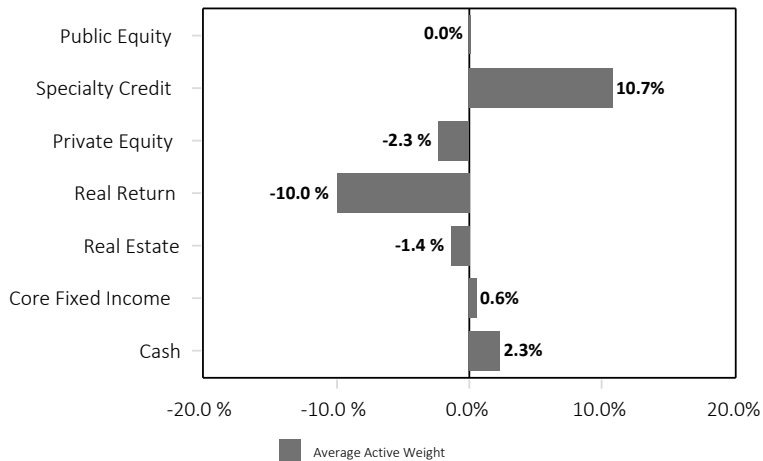
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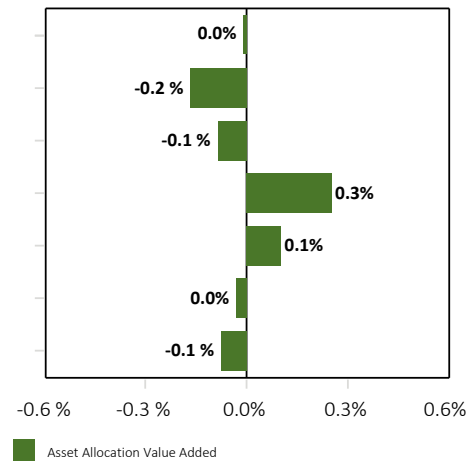
Total Value Added:-0.7 %



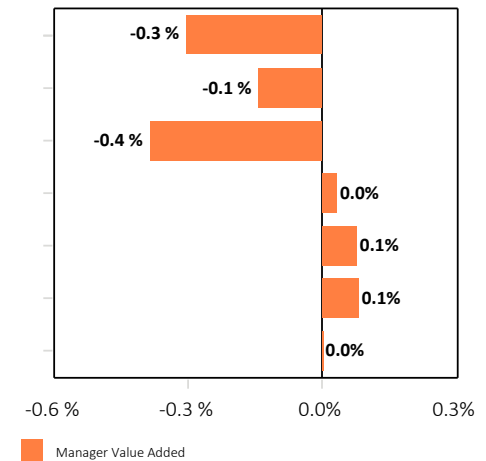
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Asset Allocation Value Added:0.0%



Total Manager Value Added:-0.6 %

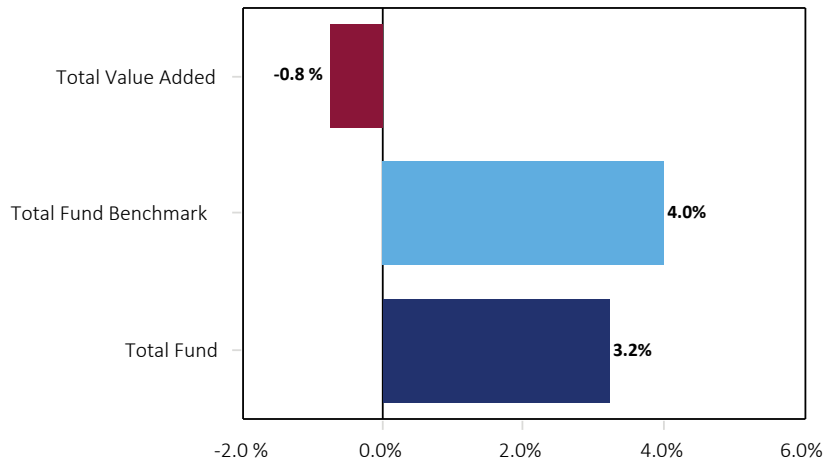


Total Fund Attribution

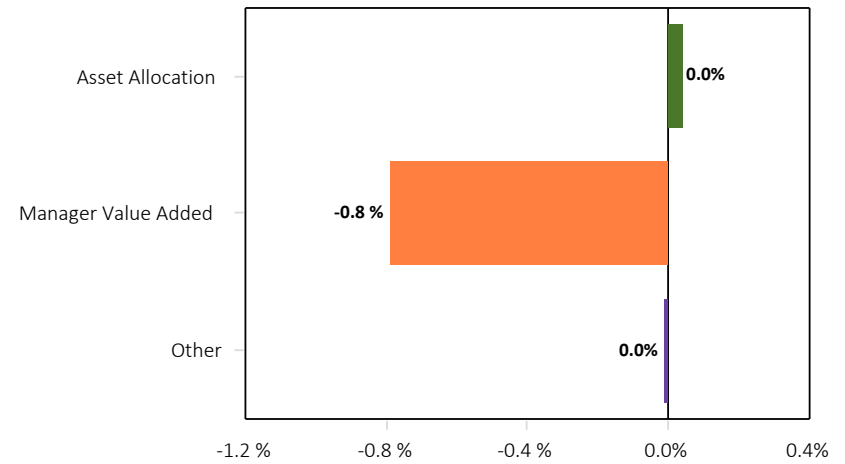
CERS Insurance Plan

Periods Ended 1 Quarter Ending June 30, 2023

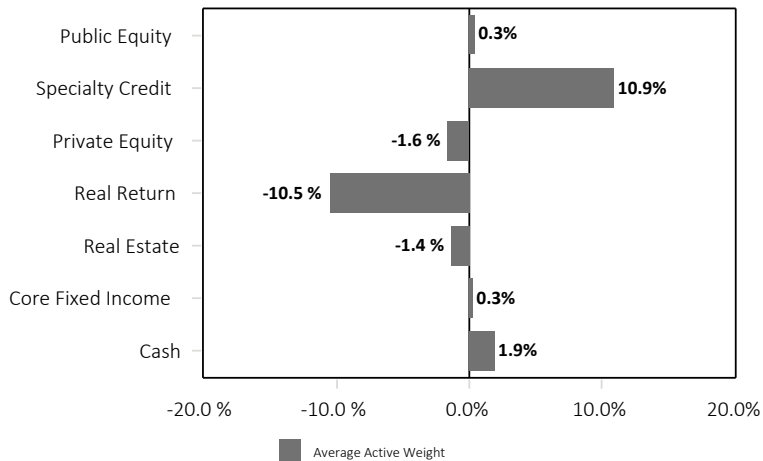
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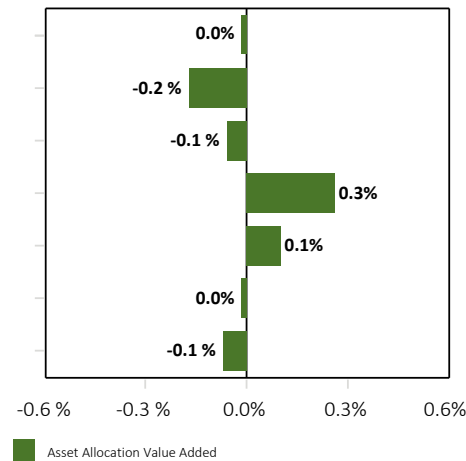
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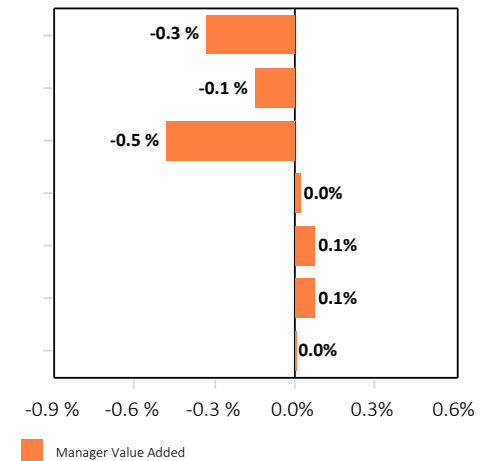
Total Asset Allocation:0.0%



Asset Allocation Value Added:0.0%



Total Manager Value Added:-0.8 %

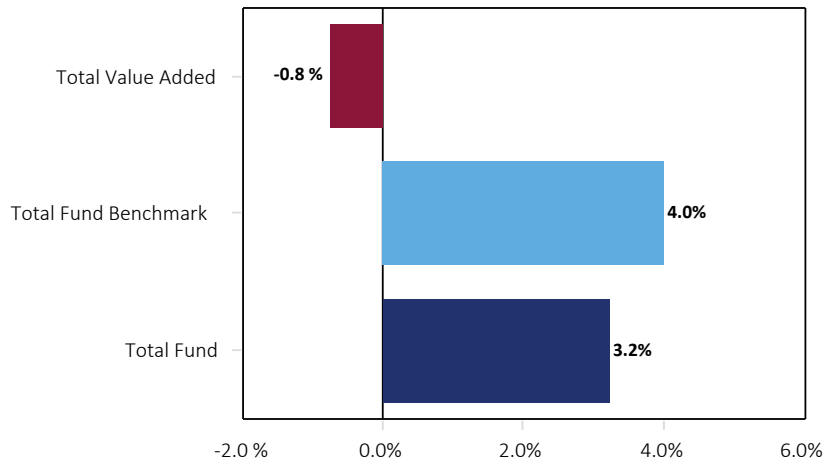


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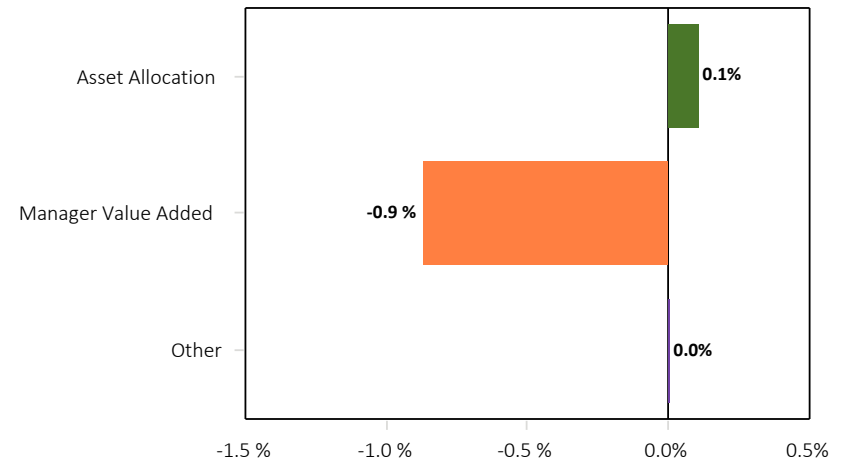
CERS (H) Insurance Plan

Periods Ended 1 Quarter Ending June 30, 2023

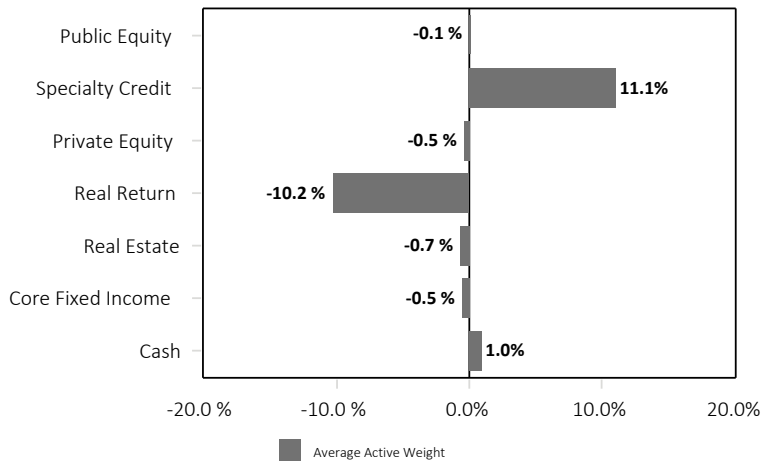
Total Fund Performance



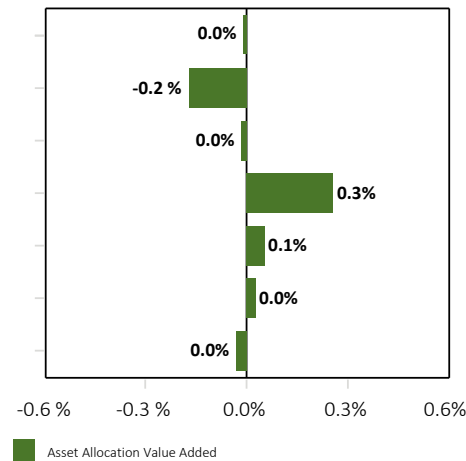
Total Value Added:-0.8 %



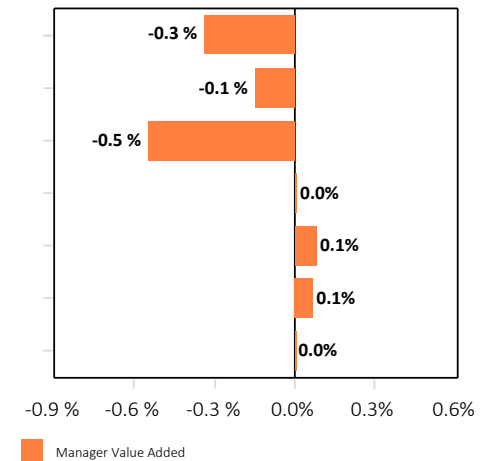
Total Asset Allocation:0.1%



Asset Allocation Value Added:0.1%



Total Manager Value Added:-0.9%

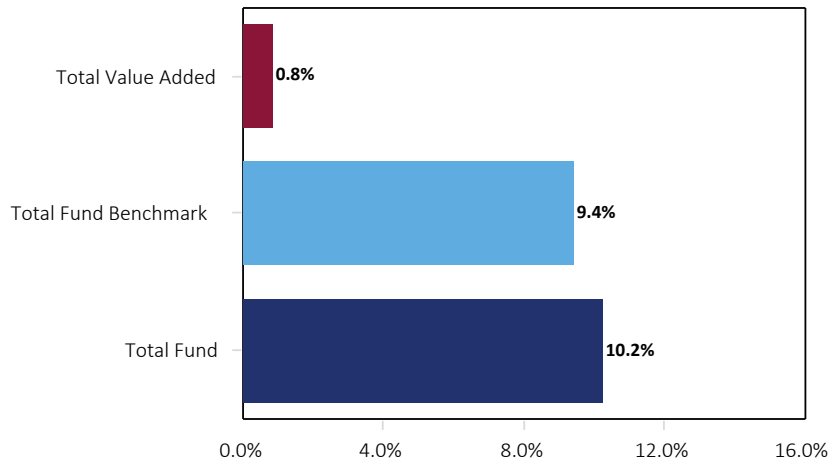


Total Fund Attribution

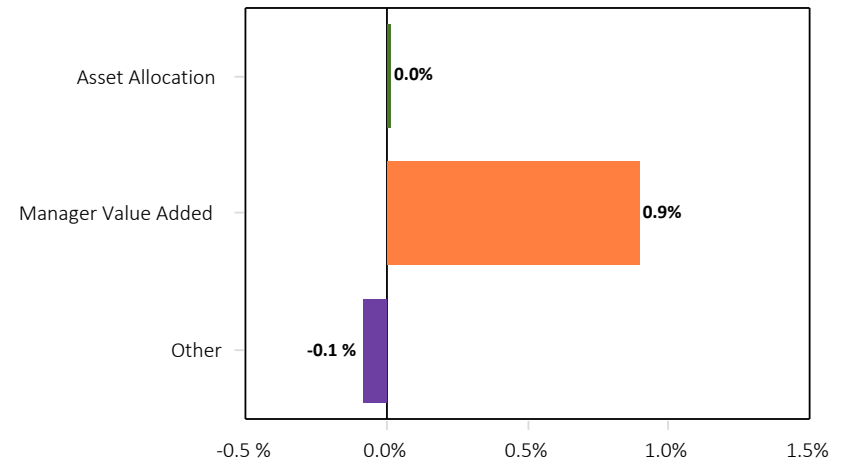
CERS Pension Plan

Periods Ended 1 Year Ending June 30, 2023

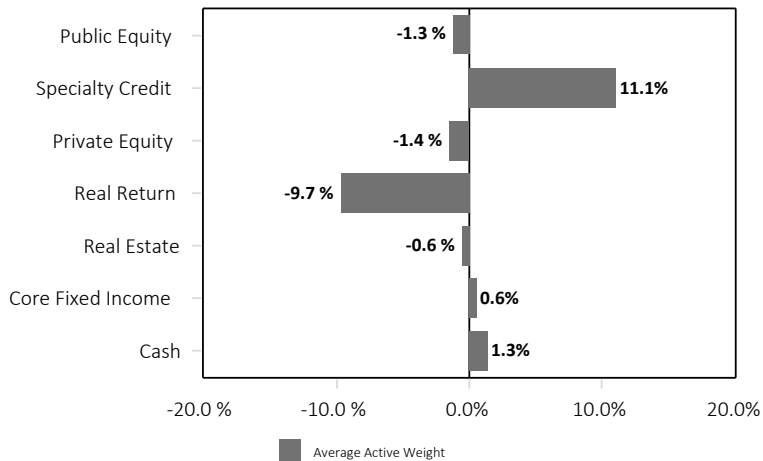
Total Fund Performance



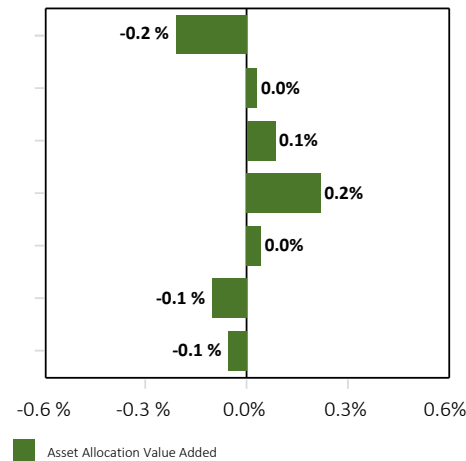
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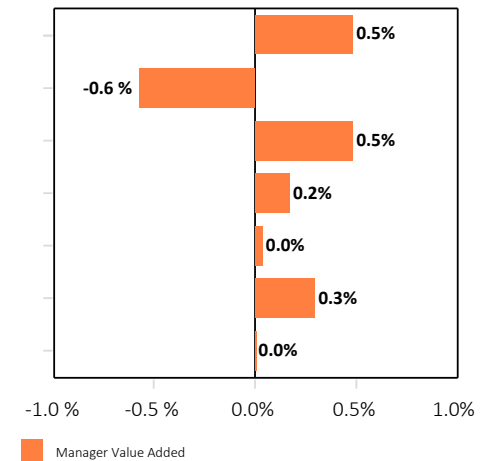
Total Asset Allocation:0.0%



Asset Allocation Value Added:0.0%



Total Manager Value Added:0.9%

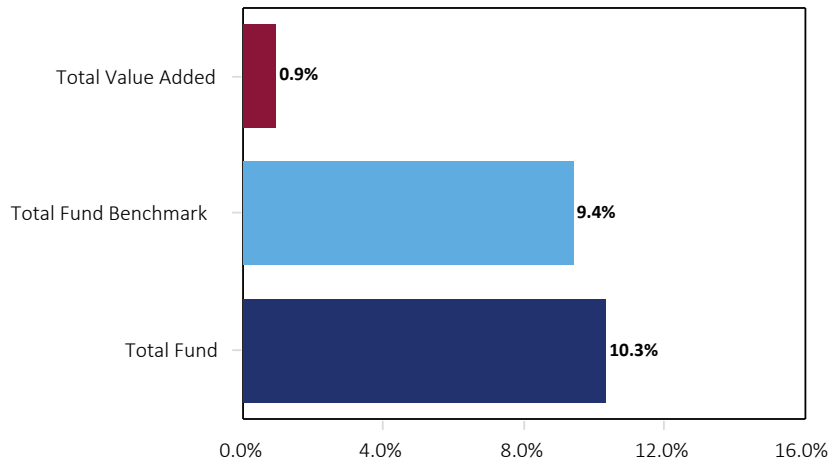


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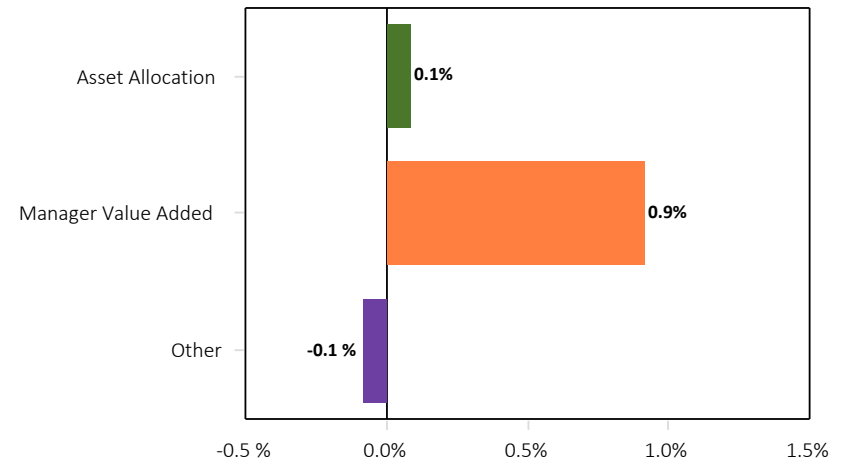
CERS (H) Pension Plan

Periods Ended 1 Year Ending June 30, 2023

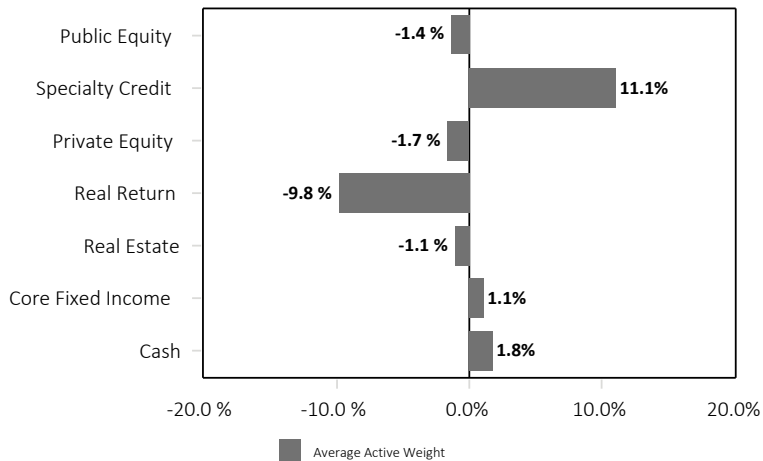
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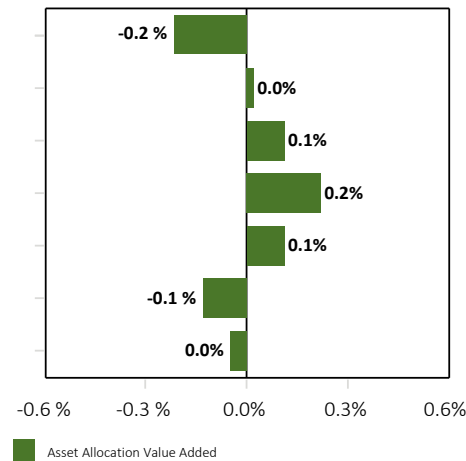
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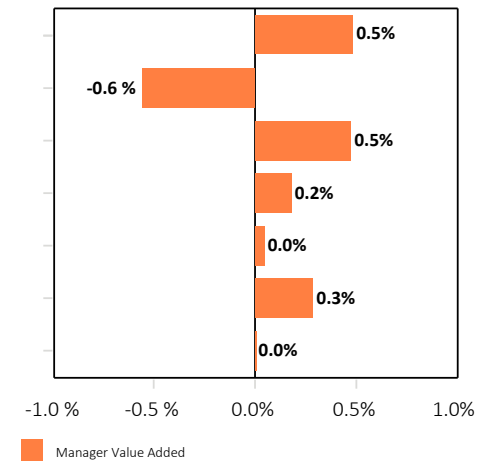
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Asset Allocation Value Added:0.1%



Total Manager Value Added:0.9%

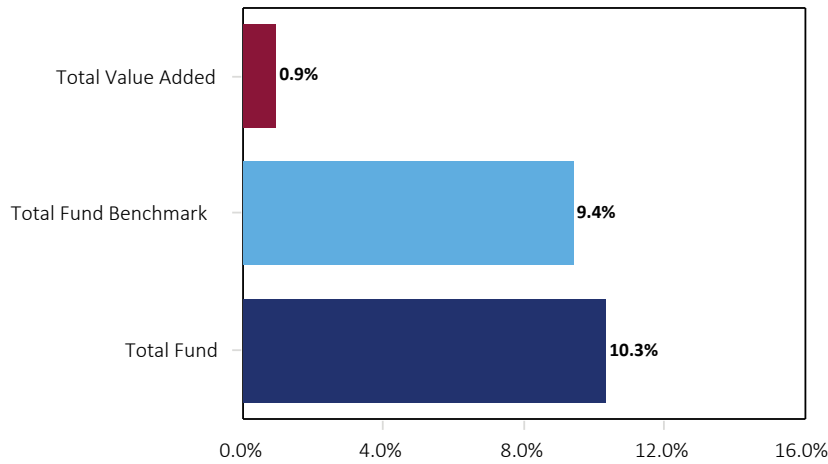


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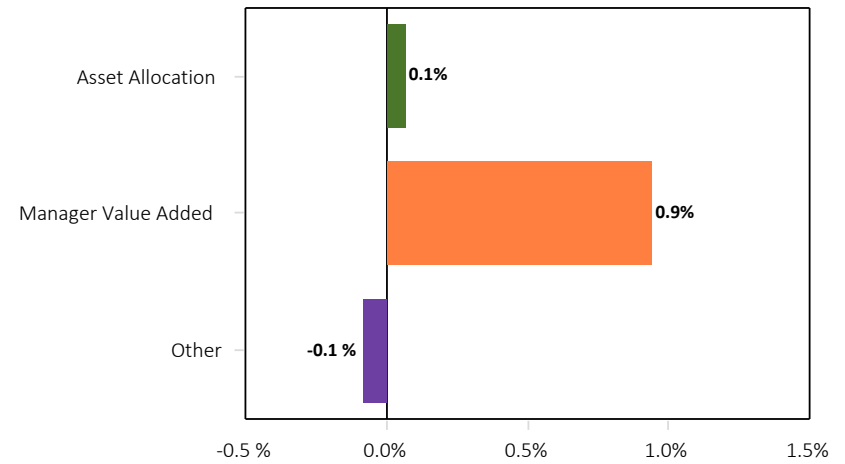
CERS Insurance Plan

Periods Ended 1 Year Ending June 30, 2023

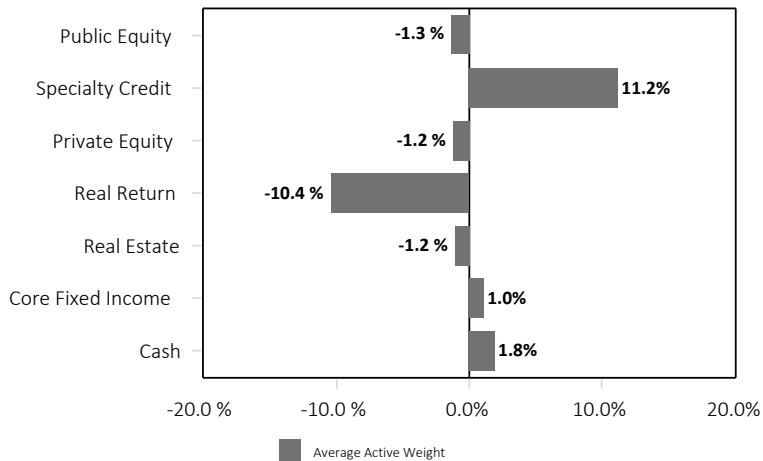
Total Fund Performance



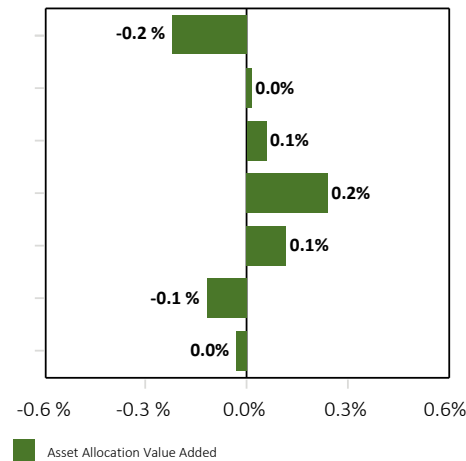
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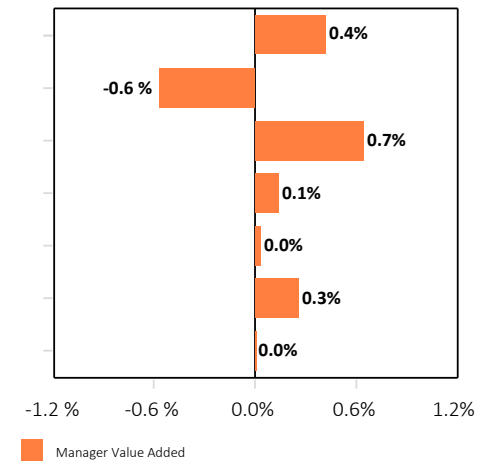
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Asset Allocation Value Added:0.1%



Total Manager Value Added:0.9%

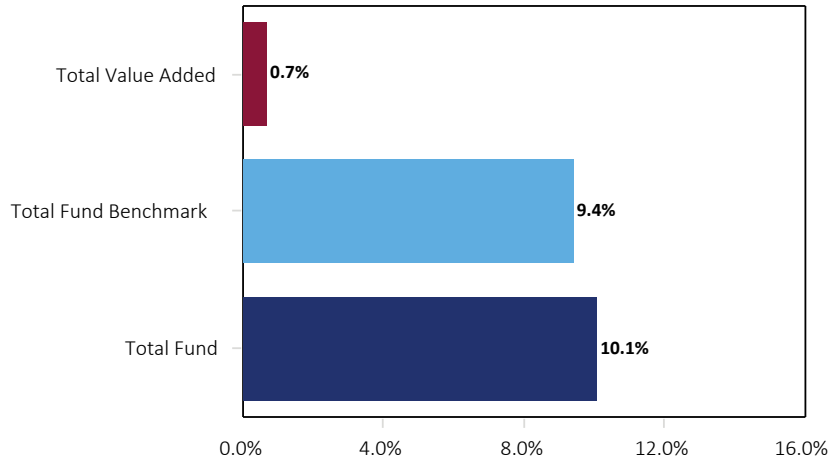


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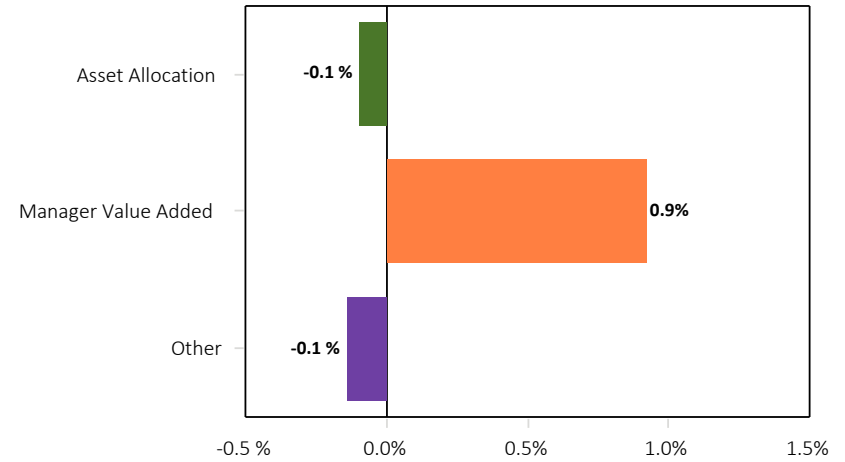
CERS (H) Insurance Plan

Periods Ended 1 Year Ending June 30, 2023

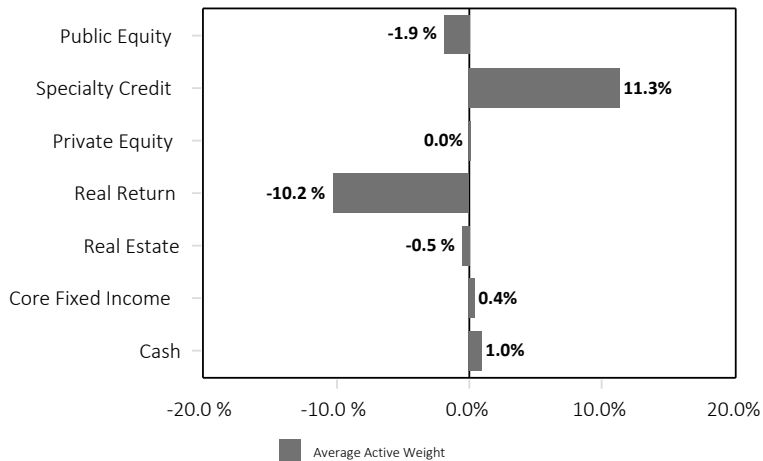
Total Fund Performance



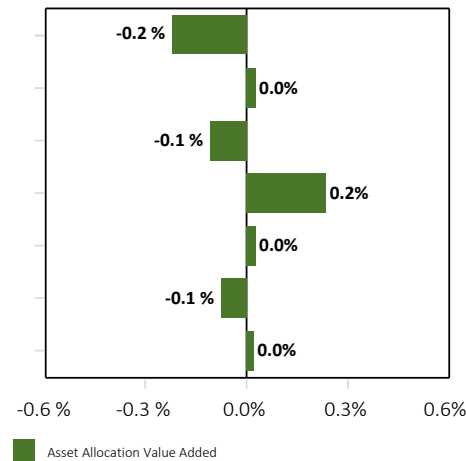
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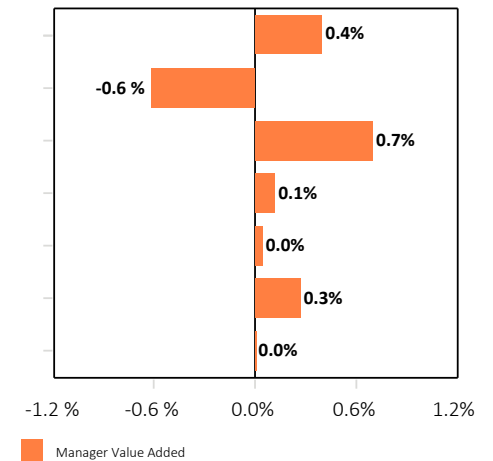
Total Asset Allocation:-0.1%



Asset Allocation Value Added:-0.1%



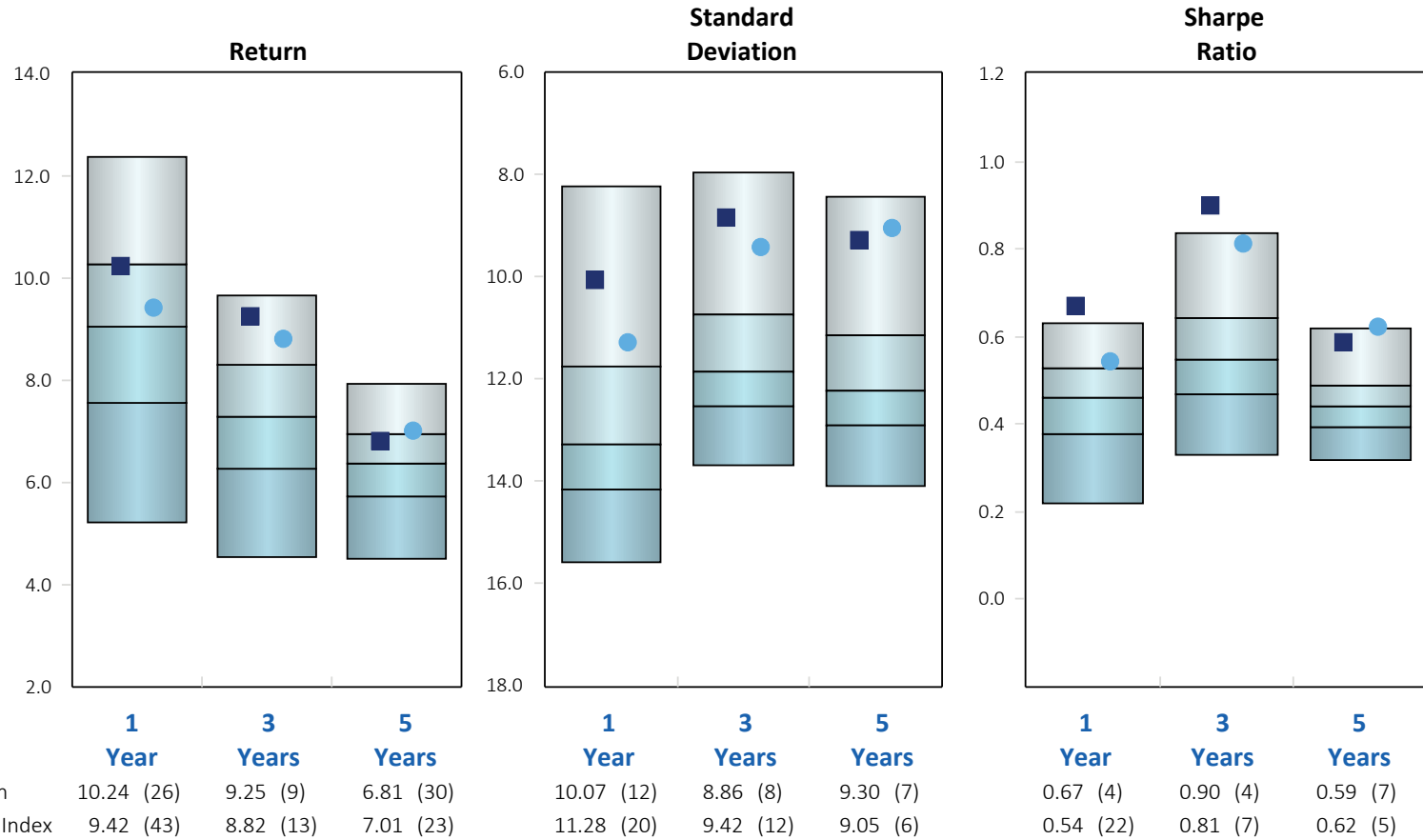
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Plan Sponsor Peer Group Analysis - Multi Statistics

CERS Pension Plan vs All Public Plans-Total Fund

Periods Ended June 30, 2023



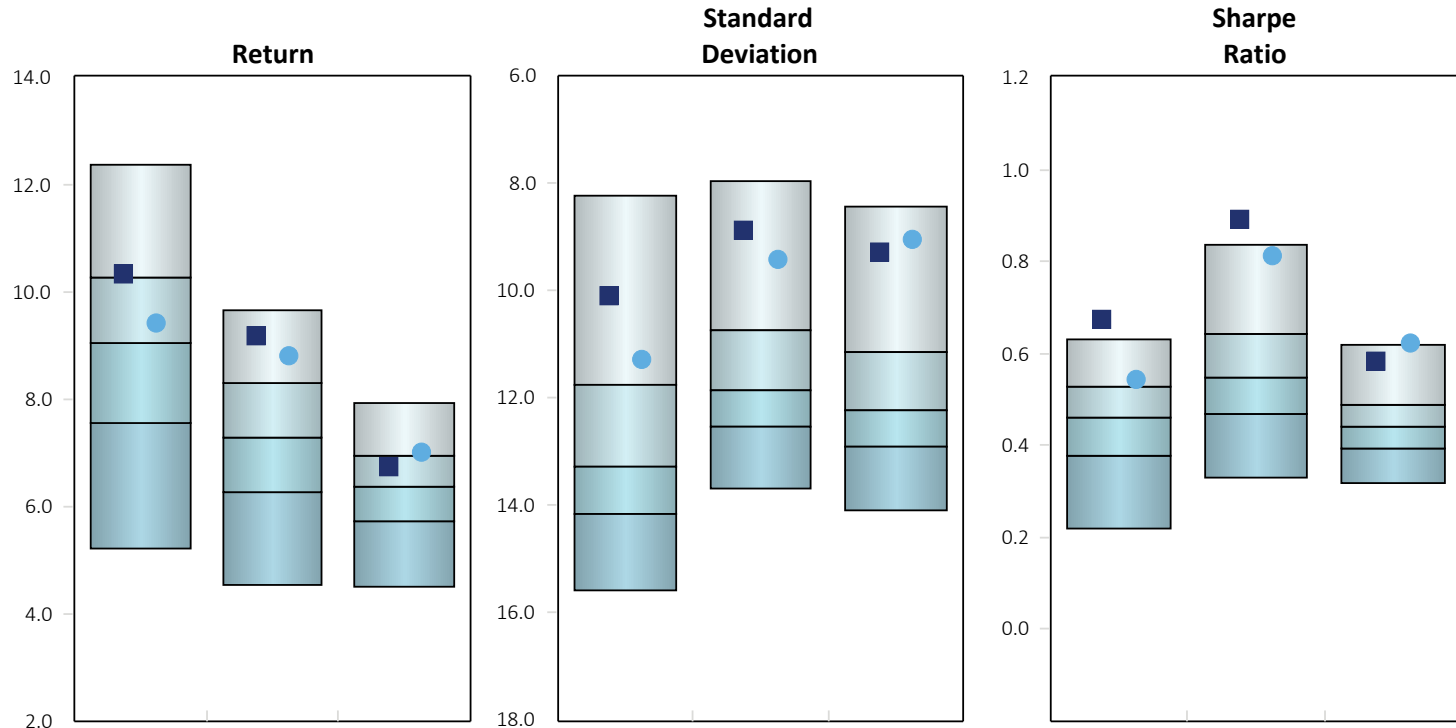
5th Percentile	12.39	9.65	7.95	8.24	7.95	8.44	0.63	0.84	0.62
1st Quartile	10.25	8.30	6.95	11.75	10.74	11.16	0.53	0.64	0.49
Median	9.05	7.28	6.38	13.30	11.86	12.24	0.46	0.55	0.44
3rd Quartile	7.58	6.26	5.71	14.17	12.55	12.92	0.38	0.47	0.39
95th Percentile	5.21	4.53	4.51	15.60	13.68	14.12	0.22	0.33	0.32

Parentheses contain percentile rankings.
Calculation based on monthly periodicity.

Plan Sponsor Peer Group Analysis - Multi Statistics

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

Periods Ended June 30, 2023



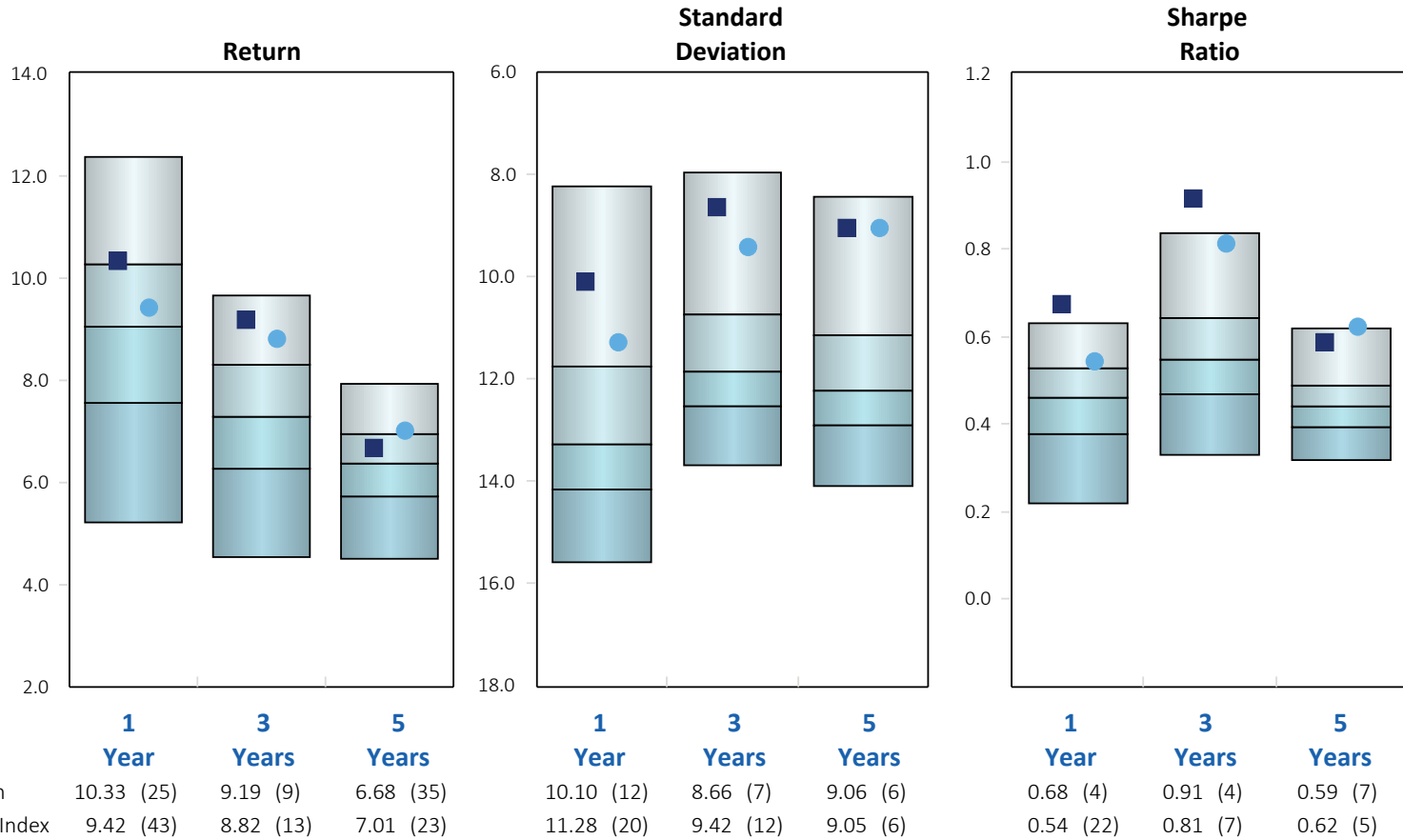
	1 Year	3 Years	5 Years	1 Year	3 Years	5 Years	1 Year	3 Years	5 Years
■ CERS (H) Pension Plan	10.33 (25)	9.18 (10)	6.75 (32)	10.11 (12)	8.88 (8)	9.30 (7)	0.68 (4)	0.89 (4)	0.58 (8)
● CERS (H) Pension IPS Index	9.42 (43)	8.82 (13)	7.01 (23)	11.28 (20)	9.42 (12)	9.05 (6)	0.54 (22)	0.81 (7)	0.62 (5)
5th Percentile	12.39	9.65	7.95	8.24	7.95	8.44	0.63	0.84	0.62
1st Quartile	10.25	8.30	6.95	11.75	10.74	11.16	0.53	0.64	0.49
Median	9.05	7.28	6.38	13.30	11.86	12.24	0.46	0.55	0.44
3rd Quartile	7.58	6.26	5.71	14.17	12.55	12.92	0.38	0.47	0.39
95th Percentile	5.21	4.53	4.51	15.60	13.68	14.12	0.22	0.33	0.32

Parentheses contain percentile rankings.
Calculation based on monthly periodicity.

Plan Sponsor Peer Group Analysis - Multi Statistics

CERS Insurance Plan vs All Public Plans-Total Fund

Periods Ended June 30, 2023



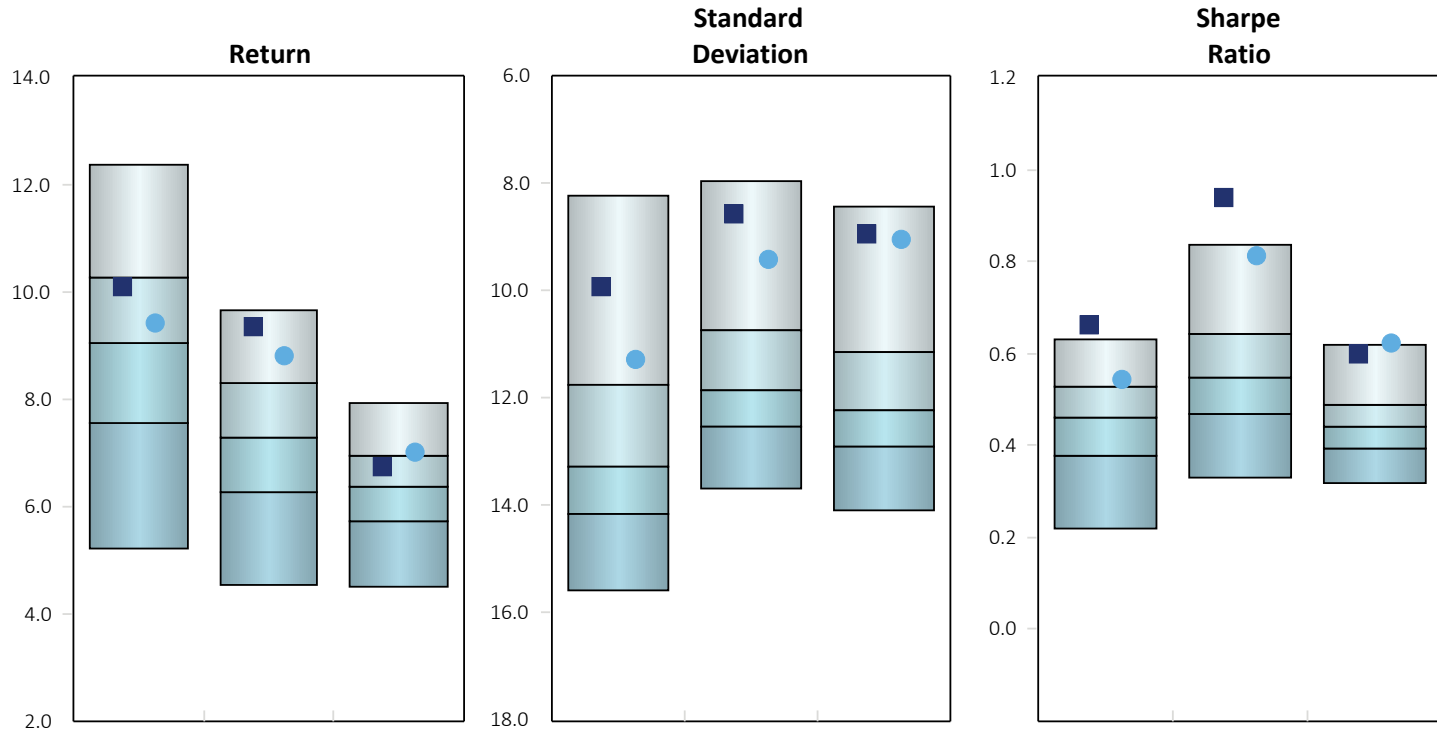
	1 Year	3 Years	5 Years	1 Year	3 Years	5 Years	1 Year	3 Years	5 Years
■ CERS Insurance Plan	10.33 (25)	9.19 (9)	6.68 (35)	10.10 (12)	8.66 (7)	9.06 (6)	0.68 (4)	0.91 (4)	0.59 (7)
● CERS Insurance IPS Index	9.42 (43)	8.82 (13)	7.01 (23)	11.28 (20)	9.42 (12)	9.05 (6)	0.54 (22)	0.81 (7)	0.62 (5)
5th Percentile	12.39	9.65	7.95	8.24	7.95	8.44	0.63	0.84	0.62
1st Quartile	10.25	8.30	6.95	11.75	10.74	11.16	0.53	0.64	0.49
Median	9.05	7.28	6.38	13.30	11.86	12.24	0.46	0.55	0.44
3rd Quartile	7.58	6.26	5.71	14.17	12.55	12.92	0.38	0.47	0.39
95th Percentile	5.21	4.53	4.51	15.60	13.68	14.12	0.22	0.33	0.32

Parentheses contain percentile rankings.
Calculation based on monthly periodicity.

Plan Sponsor Peer Group Analysis - Multi Statistics

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

Periods Ended June 30, 2023



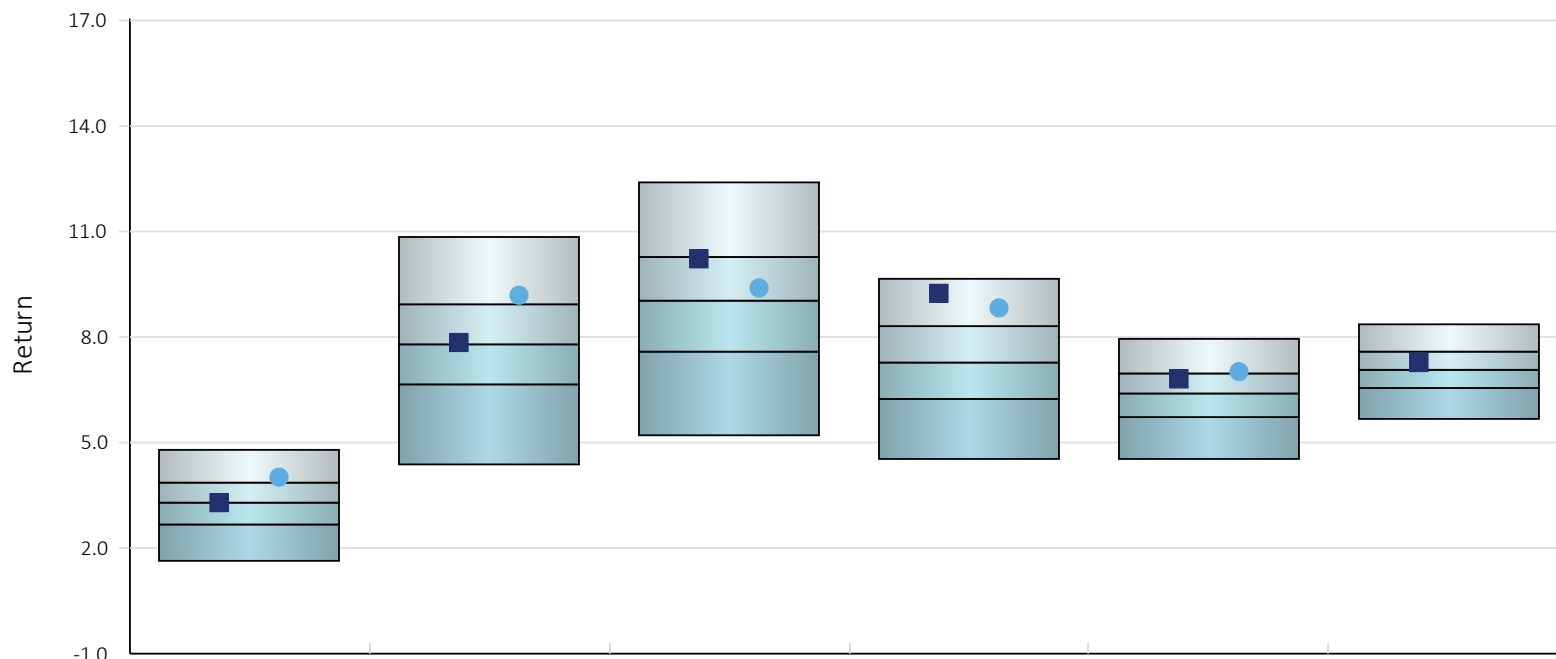
	1 Year	3 Years	5 Years	1 Year	3 Years	5 Years	1 Year	3 Years	5 Years
■ CERS (H) Insurance Plan	10.11 (28)	9.34 (8)	6.75 (32)	9.94 (11)	8.56 (7)	8.95 (6)	0.66 (4)	0.94 (4)	0.60 (6)
● CERS (H) Insurance IPS Index	9.42 (43)	8.82 (13)	7.01 (23)	11.28 (20)	9.42 (12)	9.05 (6)	0.54 (22)	0.81 (7)	0.62 (5)
5th Percentile	12.39	9.65	7.95	8.24	7.95	8.44	0.63	0.84	0.62
1st Quartile	10.25	8.30	6.95	11.75	10.74	11.16	0.53	0.64	0.49
Median	9.05	7.28	6.38	13.30	11.86	12.24	0.46	0.55	0.44
3rd Quartile	7.58	6.26	5.71	14.17	12.55	12.92	0.38	0.47	0.39
95th Percentile	5.21	4.53	4.51	15.60	13.68	14.12	0.22	0.33	0.32

Parentheses contain percentile rankings.
Calculation based on monthly periodicity.

Plan Sponsor Peer Group Analysis

CERS Pension Plan vs All Public Plans-Total Fund

Periods Ended June 30, 2023



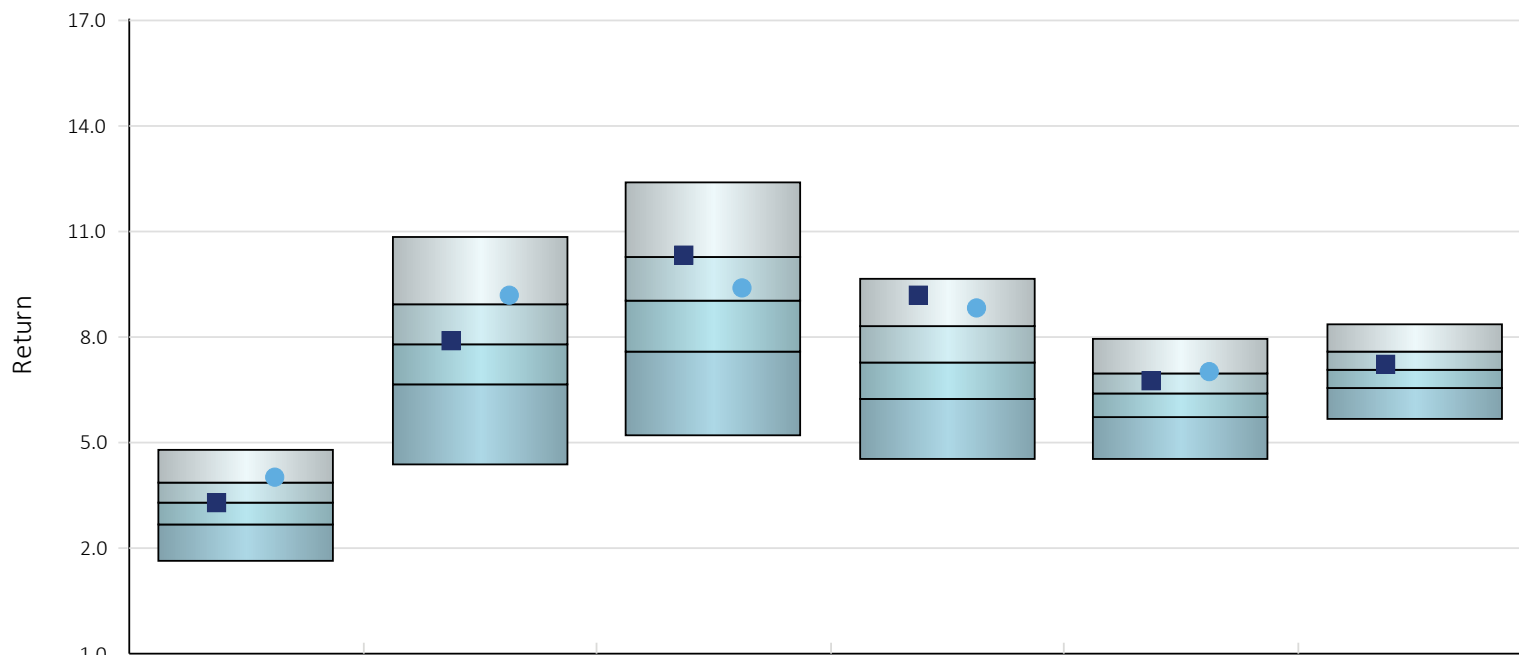
	QTD	YTD	1 Year	3 Years	5 Years	10 Years
■ CERS Pension Plan	3.30 (51)	7.82 (50)	10.24 (26)	9.25 (9)	6.81 (30)	7.26 (39)
● CERS Pension IPS Index	4.00 (20)	9.21 (20)	9.42 (43)	8.82 (13)	7.01 (23)	
5th Percentile	4.80	10.84	12.39	9.65	7.95	8.38
1st Quartile	3.86	8.92	10.25	8.30	6.95	7.61
Median	3.30	7.82	9.05	7.28	6.38	7.09
3rd Quartile	2.69	6.65	7.58	6.26	5.71	6.53
95th Percentile	1.63	4.39	5.21	4.53	4.51	5.66
Population	647	638	628	599	580	481

Parentheses contain percentile rankings.
Calculation based on monthly periodicity.

Plan Sponsor Peer Group Analysis

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

Periods Ended June 30, 2023



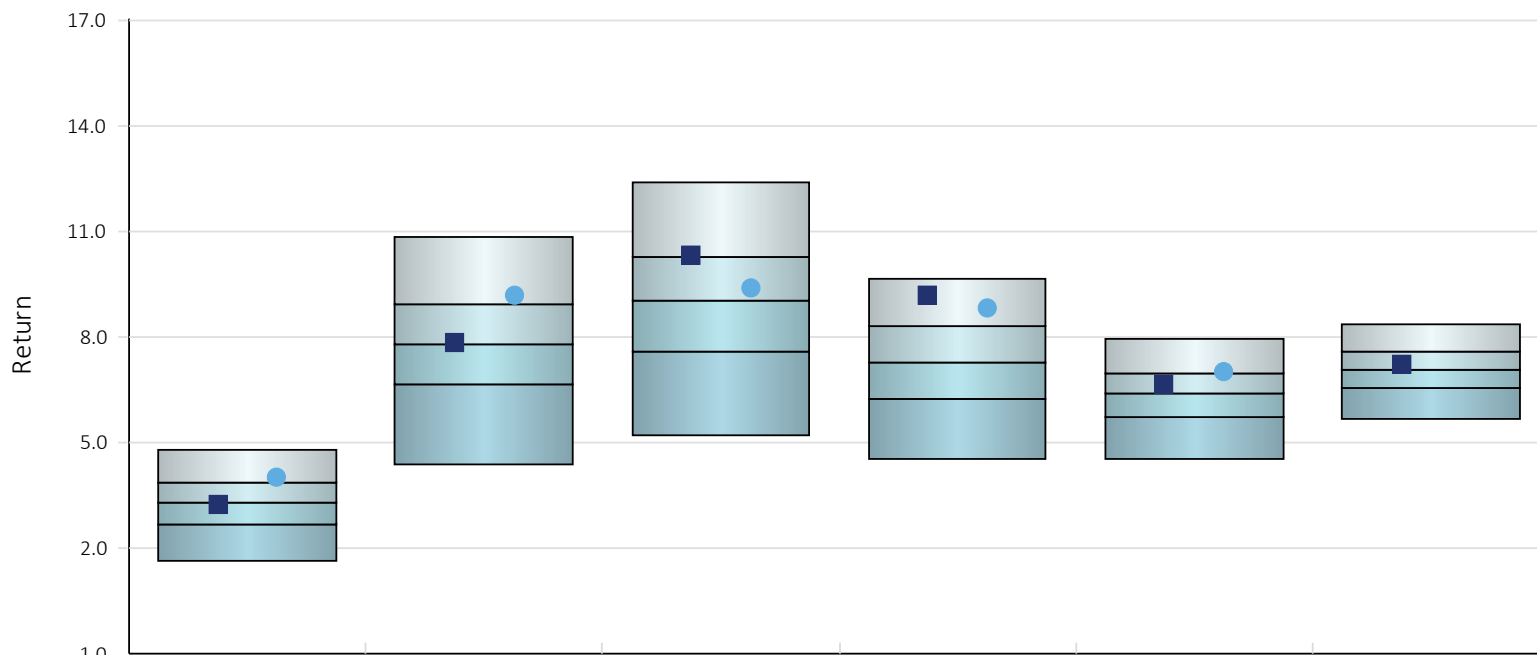
	QTD	YTD	1 Year	3 Years	5 Years	10 Years
■ CERS (H) Pension Plan	3.31 (50)	7.87 (48)	10.33 (25)	9.18 (10)	6.75 (32)	7.24 (40)
● CERS (H) Pension IPS Index	4.00 (20)	9.21 (20)	9.42 (43)	8.82 (13)	7.01 (23)	
5th Percentile	4.80	10.84	12.39	9.65	7.95	8.38
1st Quartile	3.86	8.92	10.25	8.30	6.95	7.61
Median	3.30	7.82	9.05	7.28	6.38	7.09
3rd Quartile	2.69	6.65	7.58	6.26	5.71	6.53
95th Percentile	1.63	4.39	5.21	4.53	4.51	5.66
Population	647	638	628	599	580	481

Parentheses contain percentile rankings.
Calculation based on monthly periodicity.

Plan Sponsor Peer Group Analysis

CERS Insurance Plan vs All Public Plans-Total Fund

Periods Ended June 30, 2023



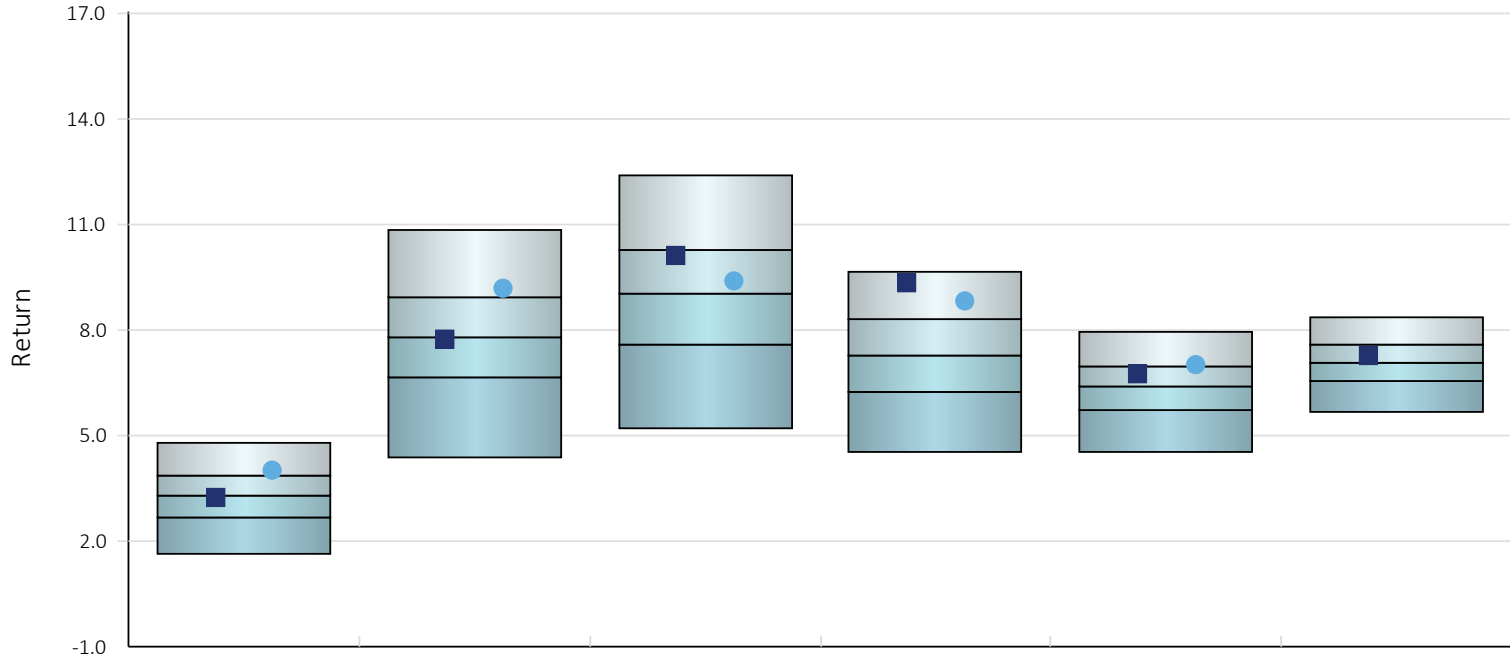
	QTD	YTD	1 Year	3 Years	5 Years	10 Years
■ CERS Insurance Plan	3.24 (54)	7.83 (49)	10.33 (25)	9.19 (9)	6.68 (35)	7.23 (41)
● CERS Insurance IPS Index	4.00 (20)	9.21 (20)	9.42 (43)	8.82 (13)	7.01 (23)	
5th Percentile	4.80	10.84	12.39	9.65	7.95	8.38
1st Quartile	3.86	8.92	10.25	8.30	6.95	7.61
Median	3.30	7.82	9.05	7.28	6.38	7.09
3rd Quartile	2.69	6.65	7.58	6.26	5.71	6.53
95th Percentile	1.63	4.39	5.21	4.53	4.51	5.66
Population	647	638	628	599	580	481

Parentheses contain percentile rankings.
Calculation based on monthly periodicity.

Plan Sponsor Peer Group Analysis

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

Periods Ended June 30, 2023



	QTD	YTD	1 Year	3 Years	5 Years	10 Years
■ CERS (H) Insurance Plan	3.25 (53)	7.74 (52)	10.11 (28)	9.34 (8)	6.75 (32)	7.30 (38)
● CERS (H) Insurance IPS Index	4.00 (20)	9.21 (20)	9.42 (43)	8.82 (13)	7.01 (23)	
5th Percentile	4.80	10.84	12.39	9.65	7.95	8.38
1st Quartile	3.86	8.92	10.25	8.30	6.95	7.61
Median	3.30	7.82	9.05	7.28	6.38	7.09
3rd Quartile	2.69	6.65	7.58	6.26	5.71	6.53
95th Percentile	1.63	4.39	5.21	4.53	4.51	5.66
Population	647	638	628	599	580	481

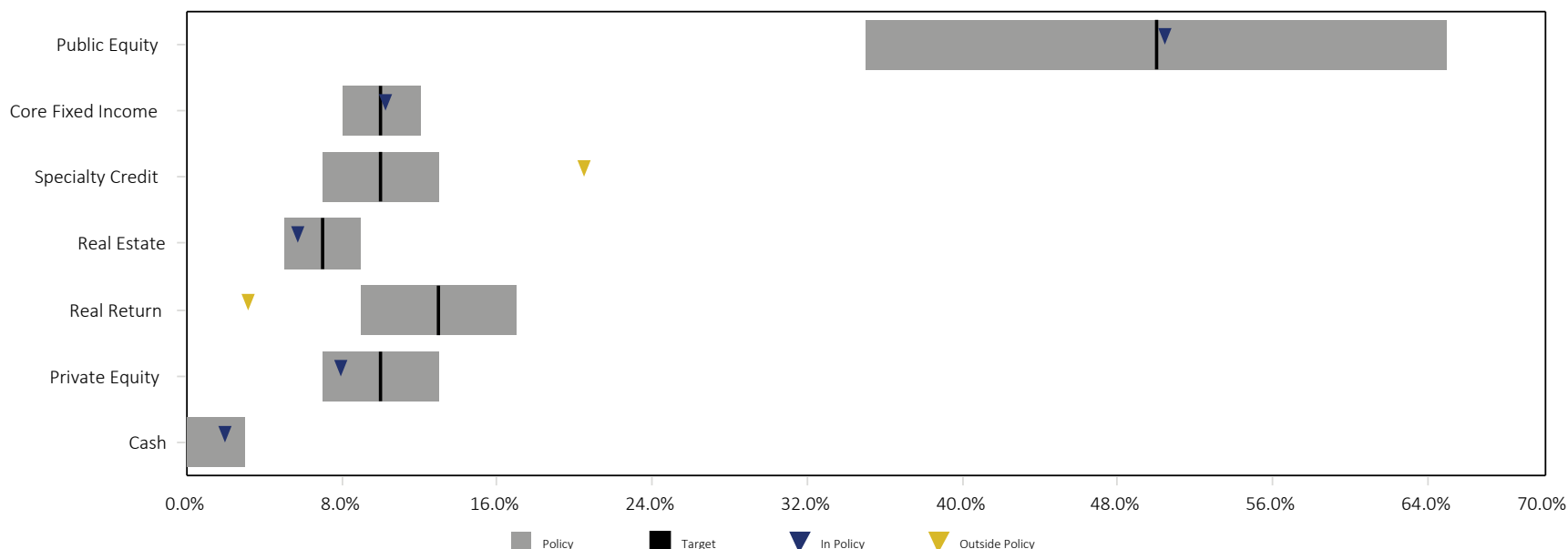
Parentheses contain percentile rankings.
Calculation based on monthly periodicity.

Asset Allocation Compliance

CERS Pension Plan

Periods Ended As of June 30, 2023

Executive Summary



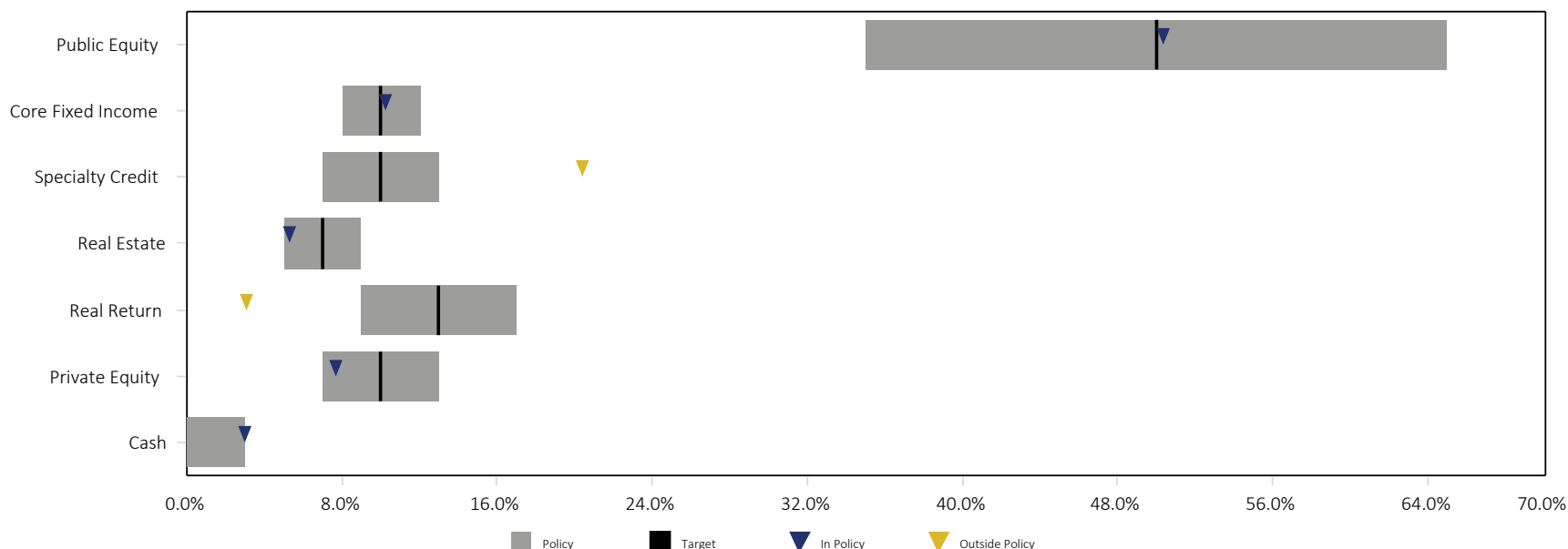
	Asset Allocation \$	Asset Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)	Target Allocation (%)	Target Rebalance \$
Public Equity	4,387,286,430	50.46	35.00	65.00	50.00	-40,373,662
Core Fixed Income	888,227,664	10.22	8.00	12.00	10.00	-18,845,110
Specialty Credit	1,781,836,053	20.50	7.00	13.00	10.00	-912,453,499
Real Estate	500,825,211	5.76	5.00	9.00	7.00	107,742,577
Real Return	274,707,402	3.16	9.00	17.00	13.00	855,489,917
Private Equity	689,035,272	7.93	7.00	13.00	10.00	180,347,282
Cash	171,907,505	1.98	0.00	3.00	0.00	-171,907,505
Total Fund	8,693,825,536	100.00			100.00	

Asset Allocation Compliance

CERS (H) Pension Plan

Periods Ended As of June 30, 2023

Executive Summary



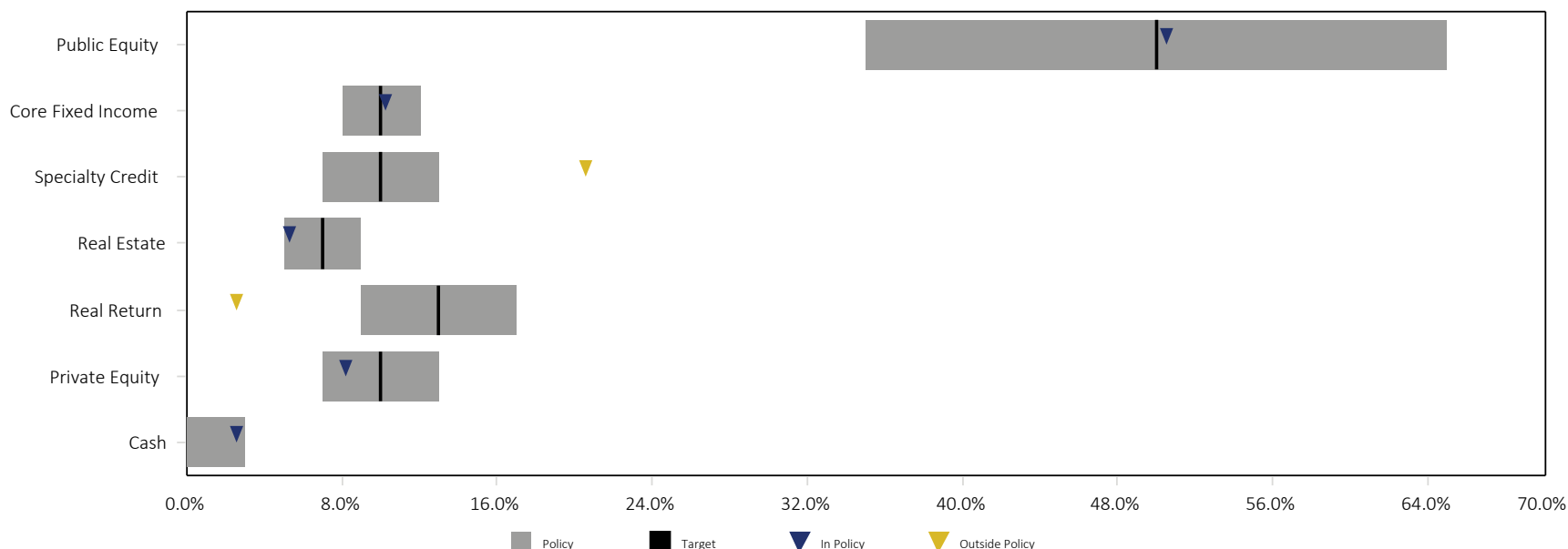
	Asset Allocation \$	Asset Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)	Target Allocation (%)	Target Rebalance \$
Public Equity	1,515,427,955	50.41	35.00	65.00	50.00	-12,278,689
Core Fixed Income	308,106,397	10.25	8.00	12.00	10.00	-7,476,544
Specialty Credit	612,963,745	20.39	7.00	13.00	10.00	-312,333,892
Real Estate	159,479,031	5.30	5.00	9.00	7.00	50,961,866
Real Return	91,713,509	3.05	9.00	17.00	13.00	299,105,300
Private Equity	229,769,451	7.64	7.00	13.00	10.00	70,860,402
Cash	88,838,443	2.96	0.00	3.00	0.00	-88,838,443
Total Fund	3,006,298,532	100.00			100.00	

Asset Allocation Compliance

CERS Insurance Plan

Periods Ended As of June 30, 2023

Executive Summary



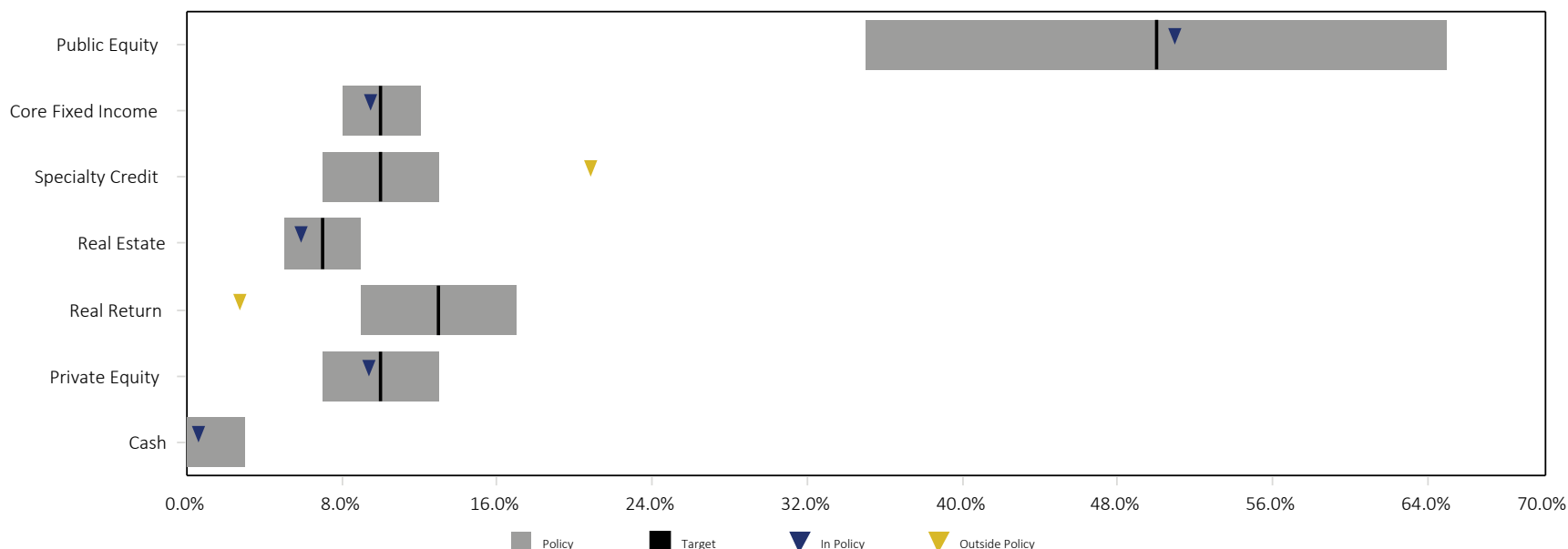
	Asset Allocation \$	Asset Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)	Target Allocation (%)	Target Rebalance \$
Public Equity	1,655,332,174	50.55	35.00	65.00	50.00	-17,862,546
Core Fixed Income	335,364,055	10.24	8.00	12.00	10.00	-7,870,129
Specialty Credit	673,638,734	20.57	7.00	13.00	10.00	-346,144,808
Real Estate	173,577,283	5.30	5.00	9.00	7.00	55,668,465
Real Return	84,098,030	2.57	9.00	17.00	13.00	341,644,073
Private Equity	268,196,982	8.19	7.00	13.00	10.00	59,296,944
Cash	84,731,999	2.59	0.00	3.00	0.00	-84,731,999
Total Fund	3,274,939,256	100.00			100.00	

Asset Allocation Compliance

CERS (H) Insurance Plan

Periods Ended As of June 30, 2023

Executive Summary



	Asset Allocation \$	Asset Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)	Target Allocation (%)	Target Rebalance \$
Public Equity	818,974,392	50.99	35.00	65.00	50.00	-15,954,600
Core Fixed Income	152,770,945	9.51	8.00	12.00	10.00	7,833,014
Specialty Credit	334,355,039	20.82	7.00	13.00	10.00	-173,751,081
Real Estate	95,156,595	5.92	5.00	9.00	7.00	17,266,176
Real Return	44,444,638	2.77	9.00	17.00	13.00	164,340,508
Private Equity	150,751,408	9.39	7.00	13.00	10.00	9,852,550
Cash	9,586,566	0.60	0.00	3.00	0.00	-9,586,566
Total Fund	1,606,039,584	100.00			100.00	

Asset Allocation & Performance

Total Fund

Periods Ended June 30, 2023

	Market Value \$	Performance (%) net of fees										
		QTD	YTD	FYTD	1 Year	3 Years	5 Years	10 Years	20 Years	30 Years	Since Inception	Inception Date
CERS Pension Plan	8,693,825,536	3.30	7.82	10.24	10.24	9.25	6.81	9.30	6.93	7.71	8.85	4/1/1984
CERS Pension IPS Index		4.00	9.21	9.42	9.42	8.82	7.01					
Value Added		-0.70	-1.39	0.82	0.82	0.43	-0.20					
Assumed Rate 6.25%		1.53	3.08	6.25	6.25	6.25	6.25					
Value Added		1.77	4.74	3.99	3.99	3.00	0.56					
CERS Insurance Plan	3,274,939,256	3.24	7.83	10.33	10.33	9.19	6.68	7.11	6.71	6.84	7.37	4/1/1987
CERS Insurance IPS Index		4.00	9.21	9.42	9.42	8.82	7.01					
Value Added		-0.76	-1.38	0.91	0.91	0.37	-0.33					
Assumed Rate 6.25%		1.53	3.08	6.25	6.25	6.25	6.25					
Value Added		1.71	4.75	4.08	4.08	2.94	0.43					
CERS (H) Pension Plan	3,006,298,532	3.31	7.87	10.33	10.33	9.18	6.75	9.30	6.92	7.71	8.85	4/1/1984
CERS (H) Pension IPS Index		4.00	9.21	9.42	9.42	8.82	7.01					
Value Added		-0.69	-1.34	0.91	0.91	0.36	-0.26					
Assumed Rate 6.25%		1.53	3.08	6.25	6.25	6.25	6.25					
Value Added		1.78	4.79	4.08	4.08	2.93	0.50					
CERS (H) Insurance Plan	1,606,039,584	3.25	7.74	10.11	10.11	9.34	6.75	7.11	6.74	6.86	7.39	4/1/1987
CERS (H) Insurance IPS Index		4.00	9.21	9.42	9.42	8.82	7.01					
Value Added		-0.75	-1.47	0.69	0.69	0.52	-0.26					
Assumed Rate 6.25%		1.53	3.08	6.25	6.25	6.25	6.25					
Value Added		1.72	4.66	3.86	3.86	3.09	0.50					

Asset Allocation & Performance

Insurance Plan Accounts

Periods Ended June 30, 2023

	Performance (%) net of fees								
	1 Month	QTD	YTD	FYTD	1 Year	3 Years	5 Years	Since Inception	Inception Date
Public Equity	5.71	5.50	13.42	17.56	17.56			-2.35	12/1/2021
Public Equity Policy Index	5.81	6.18	13.93	16.53	16.53			-2.08	
Value Added	-0.10	-0.68	-0.51	1.03	1.03			-0.27	
US Equity Composite	6.90	7.75	15.04	18.46	18.46	14.09	10.88	9.93	7/1/1992
Russell 3000 Index	6.83	8.39	16.17	18.95	18.95	13.89	11.39	10.13	
Value Added	0.07	-0.64	-1.13	-0.49	-0.49	0.20	-0.51	-0.20	
S&P 500 Index	6.59	8.72	16.81	19.60	19.60	14.56	12.50	8.54	7/1/2001
S&P 500 Index	6.61	8.74	16.89	19.59	19.59	14.60	12.31	8.12	
value added	-0.02	-0.02	-0.08	0.01	0.01	-0.04	0.19	0.42	
Scientific Beta	5.81	2.95	6.00	11.32	11.32	11.60	8.46	9.66	7/1/2016
S&P 500 Index	6.61	8.74	16.89	19.59	19.59	14.60	12.31	13.38	
Value Added	-0.80	-5.79	-10.89	-8.27	-8.27	-3.00	-3.85	-3.72	
River Road FAV	9.14	4.37	5.06	10.00	10.00	7.99	5.23	8.58	7/1/2016
Russell 3000 Value Index	6.72	4.03	4.98	11.22	11.22	14.38	7.79	8.87	
Value Added	2.42	0.34	0.08	-1.22	-1.22	-6.39	-2.56	-0.29	
Westfield Capital	6.11	11.65	28.40	26.01	26.01	12.65	14.72	13.79	7/1/2011
Russell 3000 Growth Index	6.91	12.47	28.05	26.60	26.60	13.24	14.39	14.56	
Value Added	-0.80	-0.82	0.35	-0.59	-0.59	-0.59	0.33	-0.77	
Internal US Mid Cap	9.25	5.10	9.46	18.60	18.60	15.74	8.32	9.72	8/1/2014
S&P MidCap 400 Index	9.16	4.85	8.84	17.61	17.61	15.44	7.79	9.27	
Value Added	0.09	0.25	0.62	0.99	0.99	0.30	0.53	0.45	
NTGI Structured	8.06	4.41	7.34	13.28	13.28	14.04	6.19	9.92	7/1/2011
Russell 2000 Index	8.13	5.21	8.09	12.31	12.31	10.82	4.21	8.59	
Value Added	-0.07	-0.80	-0.75	0.97	0.97	3.22	1.98	1.33	

Asset Allocation & Performance

Insurance Plan Accounts

Periods Ended June 30, 2023

	Performance (%) net of fees								
	1 Month	QTD	YTD	FYTD	1 Year	3 Years	5 Years	Since Inception	Inception Date
Next Century Growth	7.08	8.84	21.57	26.97	26.97	24.11		27.30	11/1/2019
Russell Microcap Growth Index	5.17	6.35	7.16	12.41	12.41	1.45		5.63	
Value Added	1.91	2.49	14.41	14.56	14.56	22.66		21.67	
Non-US Equity Composite	4.01	2.45	11.19	16.29	16.29	7.36	4.12	2.79	4/1/2000
MSCI ACWI ex US IMI (10/17)	4.34	2.38	9.10	12.47	12.47	7.33	3.38	2.84	
Value Added	-0.33	0.07	2.09	3.82	3.82	0.03	0.74	-0.05	
BlackRock World Ex US	4.85	3.18	11.48	17.77	17.77	9.56	4.58	6.58	6/1/2012
MSCI World ex US (11/19)	4.75	3.03	11.29	17.41	17.41	9.30	4.45	6.46	
value added	0.10	0.15	0.19	0.36	0.36	0.26	0.13	0.12	
American Century	3.41	1.08	10.67	16.08	16.08	5.44	5.96	5.82	7/1/2014
MSCI ACWI ex US IMI (10/17)	4.34	2.38	9.10	12.47	12.47	7.33	3.38	3.14	
Value Added	-0.93	-1.30	1.57	3.61	3.61	-1.89	2.58	2.68	
Franklin Templeton	-0.48	-0.95	11.18	15.52	15.52	-1.14	0.92	4.22	7/1/2014
MSCI ACWI ex US IMI (10/17)	4.34	2.38	9.10	12.47	12.47	7.33	3.38	3.14	
Value Added	-4.82	-3.33	2.08	3.05	3.05	-8.47	-2.46	1.08	
Lazard Asset Mgmt	4.94	3.97	13.29	16.53	16.53	8.43	4.29	4.12	7/1/2014
MSCI ACWI ex US IMI (10/17)	4.34	2.38	9.10	12.47	12.47	7.33	3.38	3.14	
Value Added	0.60	1.59	4.19	4.06	4.06	1.10	0.91	0.98	
LSV Asset Mgmt	4.98	3.11	10.38	17.44	17.44	10.23	3.95	3.16	7/1/2014
MSCI ACWI ex US IMI (10/17)	4.34	2.38	9.10	12.47	12.47	7.33	3.38	3.14	
Value Added	0.64	0.73	1.28	4.97	4.97	2.90	0.57	0.02	
Axiom	2.96	-0.86	6.69	7.66	7.66			-16.84	12/1/2021
MSCI AC World ex USA Small Cap (Net)	3.44	2.05	6.84	10.93	10.93			-7.02	
Value Added	-0.48	-2.91	-0.15	-3.27	-3.27			-9.82	

Asset Allocation & Performance

Insurance Plan Accounts

Periods Ended June 30, 2023

	Performance (%) net of fees								
	1 Month	QTD	YTD	FYTD	1 Year	3 Years	5 Years	Since Inception	Inception Date
JP Morgan Emerging Markets	2.59	-1.13	4.36	4.60	4.60	1.11		1.25	11/1/2019
MSCI Emerging Markets IMI Index	3.99	1.76	5.84	3.68	3.68	4.02		2.27	
Value Added	-1.40	-2.89	-1.48	0.92	0.92	-2.91		-1.02	
Pzena Emerging Markets	7.19	7.09	14.73	20.26	20.26	15.37		7.88	11/1/2019
MSCI Emerging Markets (Net)	3.80	0.90	4.89	1.75	1.75	2.32		1.00	
Value Added	3.39	6.19	9.84	18.51	18.51	13.05		6.88	
Private Equity Composite	2.60	2.53	4.65	1.97	1.97	21.32	13.27	10.98	7/1/2002
Russell 3000 +3% 1 Quarter Lag	2.93	7.98	16.59	-5.84	-5.84	22.03	13.76	11.70	
Value Added	-0.33	-5.45	-11.94	7.81	7.81	-0.71	-0.49	-0.72	
Core Fixed Income Composite	-0.29	-0.13	1.78	1.14	1.14	-0.48		2.05	10/1/2018
Blmbg. U.S. Aggregate Index	-0.36	-0.84	2.09	-0.94	-0.94	-3.97		0.80	
Value Added	0.07	0.71	-0.31	2.08	2.08	3.49		1.25	
NISA	-0.36	-0.68	2.32	-0.55	-0.55	-3.85	0.84	1.94	7/1/2011
Blmbg. U.S. Aggregate Index	-0.36	-0.84	2.09	-0.94	-0.94	-3.97	0.77	1.81	
Value Added	0.00	0.16	0.23	0.39	0.39	0.12	0.07	0.13	
Loomis Sayles Intrmd	-0.49	-0.50	1.94	-0.23	-0.23	-2.59		0.81	2/1/2019
Blmbg. U.S. Intermediate Aggregate Index	-0.60	-0.75	1.62	-0.60	-0.60	-2.89		0.31	
Value Added	0.11	0.25	0.32	0.37	0.37	0.30		0.50	
Lord Abbett	-0.22	0.07	1.66	1.78	1.78	0.70		1.70	10/1/2018
ICE BofA 1-3 Year U.S. Corporate Index	-0.14	0.28	1.57	1.66	1.66	-0.37		1.61	
Value Added	-0.08	-0.21	0.09	0.12	0.12	1.07		0.09	
Specialty Credit Composite	1.44	1.77	4.56	7.13	7.13	7.70		5.57	10/1/2018
Specialty Credit Policy Index	1.97	2.45	5.94	9.94	9.94	4.76		3.52	
Value Added	-0.53	-0.68	-1.38	-2.81	-2.81	2.94		2.05	

Asset Allocation & Performance

Insurance Plan Accounts

Periods Ended June 30, 2023

	Performance (%) net of fees								
	1 Month	QTD	YTD	FYTD	1 Year	3 Years	5 Years	Since Inception	Inception Date
Adams St SPC II A	3.67	3.67	6.75	10.21	10.21	15.38		14.93	6/1/2020
Adams St SPC II B	2.56	2.56	4.66	8.98	8.98	9.92		9.64	6/1/2020
Blue Torch	3.27	3.27	7.32	14.13	14.13			10.46	8/1/2020
BSP Coinvestment	3.06	3.06	5.42	7.75	7.75	6.93		6.79	10/1/2019
Morningstar LSTA US Leveraged Loan	2.26	3.15	6.48	10.71	10.71	6.31		4.18	
Value Added	0.80	-0.09	-1.06	-2.96	-2.96	0.62		2.61	
BSP Private Credit	3.17	3.17	4.43	5.23	5.23	11.13	6.53	5.96	2/1/2018
Morningstar LSTA US Leveraged Loan	2.26	3.15	6.48	10.71	10.71	6.31	4.13	4.03	
Value Added	0.91	0.02	-2.05	-5.48	-5.48	4.82	2.40	1.93	
CapitalSpring	11.28	11.28	20.38	21.41	21.41	16.68		12.94	2/1/2020
Morningstar LSTA US Leveraged Loan	2.26	3.15	6.48	10.71	10.71	6.31		3.91	
Value Added	9.02	8.13	13.90	10.70	10.70	10.37		9.03	
Cerberus Capital Mgmt	0.67	1.89	4.02	8.53	8.53	12.59	10.87	9.61	9/1/2014
Morningstar LSTA US Leveraged Loan	2.26	3.15	6.48	10.71	10.71	6.31	4.13	3.96	
Value Added	-1.59	-1.26	-2.46	-2.18	-2.18	6.28	6.74	5.65	
Columbia	1.44	1.42	5.44	9.72	9.72	3.06	3.67	5.36	11/1/2011
Blmbg. U.S. Corp: High Yield Index	1.67	1.75	5.38	9.06	9.06	3.13	3.36	5.27	
Value Added	-0.23	-0.33	0.06	0.66	0.66	-0.07	0.31	0.09	
Manulife Asset Mgmt	1.05	0.97	4.35	6.74	6.74	2.09	3.61	3.66	12/1/2011
Policy Index	-0.16	-0.59	2.32	-0.04	-0.04	-3.43	0.98	0.99	
Value Added	1.21	1.56	2.03	6.78	6.78	5.52	2.63	2.67	
Marathon Bluegrass	0.38	-0.16	1.10	-4.14	-4.14	6.73	4.31	5.36	1/1/2016
Blmbg. U.S. Corp: High Yield Index	1.67	1.75	5.38	9.06	9.06	3.13	3.36	5.44	
Value Added	-1.29	-1.91	-4.28	-13.20	-13.20	3.60	0.95	-0.08	

Asset Allocation & Performance

Insurance Plan Accounts

Periods Ended June 30, 2023

	Performance (%) net of fees								
	1 Month	QTD	YTD	FYTD	1 Year	3 Years	5 Years	Since Inception	Inception Date
Shenkman Capital	2.13	2.97	5.87	10.08	10.08	5.58	3.95	3.96	7/1/2011
Morningstar LSTA US Leveraged Loan	2.26	3.15	6.48	10.71	10.71	6.31	4.13	4.28	
Value Added	-0.13	-0.18	-0.61	-0.63	-0.63	-0.73	-0.18	-0.32	
Waterfall	0.60	-1.71	0.90	3.87	3.87	8.95	3.93	7.58	7/1/2011
Policy Index	1.25	1.82	4.98	7.98	7.98	3.01	2.97	3.86	
Value Added	-0.65	-3.53	-4.08	-4.11	-4.11	5.94	0.96	3.72	
White Oak Yield Spectrum	1.58	1.58	2.56	5.09	5.09	6.71	5.64	5.35	3/1/2018
Morningstar LSTA US Leveraged Loan	2.26	3.15	6.48	10.71	10.71	6.31	4.13	4.06	
Value Added	-0.68	-1.57	-3.92	-5.62	-5.62	0.40	1.51	1.29	
Arrowmark	1.27	4.02	7.93	13.81	13.81	14.53	10.07	9.90	6/1/2018
Morningstar LSTA US Leveraged Loan	2.26	3.15	6.48	10.71	10.71	6.31	4.13	4.09	
Value Added	-0.99	0.87	1.45	3.10	3.10	8.22	5.94	5.81	
H/2 Credit Partner	0.00	0.00	0.00	0.00	0.00	9.40	1.09	3.99	7/1/2011
Mesa West Core Lend	-3.94	-3.94	-4.94	-2.22	-2.22	2.96	4.59	5.48	5/1/2013
Mesa West IV	-11.12	-11.12	-12.02	-13.48	-13.48	0.38	3.26	3.25	3/1/2017
Cash Composite	0.40	1.04	1.94	3.36	3.36	1.22	1.51	2.47	7/1/1992
FTSE 3 Month T-Bill	0.43	1.25	2.39	3.75	3.75	1.33	1.57	2.35	
Value Added	-0.03	-0.21	-0.45	-0.39	-0.39	-0.11	-0.06	0.12	

Asset Allocation & Performance

Insurance Plan Accounts

Periods Ended June 30, 2023

	Performance (%) net of fees								
	1 Month	QTD	YTD	FYTD	1 Year	3 Years	5 Years	Since Inception	Inception Date
Real Estate Composite	-2.02	-2.38	-6.62	-3.05	-3.05	10.86	9.98	9.37	5/1/2009
NCREIF ODCE NOF 1 Quarter Lag	-3.38	-3.38	-8.37	-3.91	-3.91	7.46	6.56		
Value Added	1.36	1.00	1.75	0.86	0.86	3.40	3.42		
Baring	-17.07	-18.45	-26.37	-27.50	-27.50	-0.43		8.94	1/1/2019
Barings Euro RE II	-8.91	-10.57	-25.74	-26.59	-26.59			-21.93	12/1/2020
Divcowest IV	0.47	0.47	-3.84	-4.03	-4.03	14.33	11.66	17.01	3/1/2014
Fundamental Partners III	0.33	0.33	4.13	3.94	3.94	18.57	15.98	13.69	5/1/2017
Greenfield Acq VI	-5.10	-5.10	-24.36	-35.66	-35.66	-36.28	-40.65	-18.49	12/1/2012
Greenfield Acq VII	3.22	3.22	-11.22	0.46	0.46	17.21	15.26	13.70	7/1/2014
Harrison Street	0.00	0.00	-1.03	7.34	7.34	7.09	7.08	7.77	5/1/2012
Lubert Adler VII	-1.04	-1.04	-9.68	-9.52	-9.52	-3.86	-1.11	-1.63	7/1/2014
Lubert Adler VII B	1.70	1.70	9.39	15.07	15.07	26.33	20.03	15.82	7/1/2017
Patron Capital	6.11	4.14	2.63	-1.89	-1.89	10.02	6.76	4.24	8/1/2016
Prologis Targeted US	0.00	-0.73	-6.27	-0.78	-0.78	21.02	18.68	17.24	10/1/2014
Rubenstein PF II	-25.09	-25.09	-38.19	-45.01	-45.01	-18.26	-9.86	1.25	7/1/2013
Stockbridge Sm/Mkts	-3.85	-3.85	-9.85	-9.27	-9.27	9.61	8.15	8.63	5/1/2014
Walton St RE VI	2.14	2.14	7.50	14.01	14.01	11.61	4.77	-10.74	5/1/2009
Walton St RE VII	-6.79	-6.79	-7.16	-3.50	-3.50	0.68	-2.95	4.81	7/1/2013

Asset Allocation & Performance

Insurance Plan Accounts

Periods Ended June 30, 2023

	Performance (%) net of fees								
	1 Month	QTD	YTD	FYTD	1 Year	3 Years	5 Years	Since Inception	Inception Date
Real Return Composite	3.56	2.86	4.43	11.15	11.15	11.65	6.28	4.60	7/1/2011
US CPI +3%	0.43	1.42	3.14	6.18	6.18	8.91	7.01	5.62	
Value Added	3.13	1.44	1.29	4.97	4.97	2.74	-0.73	-1.02	
Tortoise Capital	5.81	4.44	7.79	28.85	28.85	29.45	6.12	9.58	8/1/2009
Alerian MLP Index	4.14	5.38	9.70	30.51	30.51	30.70	6.16	6.99	
Value Added	1.67	-0.94	-1.91	-1.66	-1.66	-1.25	-0.04	2.59	
Amerra AGRI Fund II	1.16	1.16	-0.31	8.60	8.60	8.76	8.68	6.18	12/1/2012
Amerra AGRI Holdings	-9.93	-9.93	-6.73	-10.16	-10.16	-4.37	-3.17	-2.43	8/1/2015
BTG Pactual	2.74	2.74	3.61	10.50	10.50	12.86	4.74	-1.48	12/1/2014
IFM Infrastructure	2.80	1.05	4.91	7.31	7.31	6.39		4.98	7/1/2019
Magnetar MTP EOF II	20.38	20.38	17.83	27.22	27.22	100.25	45.88	27.67	8/1/2015
Oberland Capital	3.25	3.25	6.70	11.29	11.29	10.98		13.84	8/1/2018
Taurus Mine Finance	4.66	4.66	8.02	37.28	37.28	26.24	17.30	15.67	4/1/2015
TPF II	-0.92	-0.92	-5.10	-7.70	-7.70	3.63	4.74	-0.86	10/1/2008
Blackstone Strat Opp	0.34	-5.67	-5.57	-8.03	-8.03	-2.75	-4.64	-2.84	8/1/2017
Luxor Capital	-0.04	-0.12	-0.20	3.12	3.12	8.79	-1.40	-0.04	4/1/2014
Myriad Opportunities	0.00	0.00	-0.30	-7.59	-7.59	-19.64	-15.91	-8.92	5/1/2016
Pine River	-0.23	0.05	-7.38	-3.79	-3.79	-3.17	3.22	1.61	5/1/2014
PRISMA Capital	0.21	0.70	1.68	1.09	1.09	-0.12	0.41	2.41	9/1/2011
SRS Partners US	0.00	0.00	0.00	0.00	0.00	6.01	5.55	7.60	8/1/2017
Tricadia Select	0.00	0.00	0.00	0.00	0.00	0.00	-1.36	-4.29	9/1/2017

County Employees Retirement Systems




Compliance Report

Quarter Ending: June 30, 2023



**Compliance Guideline Review
for the Period Ended June 30, 2023**

**Compliance
Status**

Legend	
	In Compliance
	To be determined
	Not In Compliance

Total assets assigned to the selected manager shall not exceed 25% of that firm's total assets under management and shall not exceed 25% of a firm's total assets under management in a commingled product.



The assets managed by any one active or passive investment manager shall not exceed 15% of the overall assets in the pension and insurance funds.



No more than 20% of the total net assets of the Real Return portfolio may be invested in any single closed-end or open-end limited partnership or other unregistered investment vehicle.



Securities issued by the state of Kentucky, its subsidiaries, or affiliates are prohibited.



An investment in any single domestic or international equity allocation in any single corporation cannot exceed 5% of the market value of CERS' total assets.



The systems in aggregate shall not hold in excess of 3% of the outstanding shares of any single corporation.



The amount of stock in any one industry in the domestic equity allocation shall not exceed 10% of the aggregate market value of the System's assets.



Investment in "frontier" markets shall not exceed 5% of the System's international equity assets.



The duration of the total fixed income portfolio shall not deviate from the Fixed Income Index by more than 25%.



The duration of the TIPS portfolio shall not deviate from the Barclay's TIPS Index by more than 10%.



The amount invested in the debt of a single corporation shall not exceed 5% of the total market value of the System's Assets.



50% of the fixed income assets must have liquidity that is T+3 (trade date plus three days) or better.



No public fixed income manager shall invest more than 5% of the total market value of assets held in any single issue, short-term instruments, with the exception of U.S. Government issued, guaranteed or agency obligations.



No more than 50% of the total net assets of the Real Return portfolio may be invested in any one registered investment vehicle, mutual fund, or separately managed account.



The maximum investment in any co-investment vehicle shall not exceed 50 percent of the total capital committed by all partners at the time of the final closing. The maximum investment in any single direct co-investment shall not exceed 20 percent of the original partnership commitment. Total investment in direct co-investments shall not exceed 20 percent of the asset class portfolio on a cost basis at the time of investment.



For those open-end funds where assets can be added or subtracted, the CIO will have discretion to reduce or increase an investment manager's allocation between 50% and 150% of the approved target. The target will not be raised prior to the one-year anniversary of the amount approved by the CERS Investment Committee, and must be reported to the CERS Investment Committee at the next scheduled meeting.



The CERS Board is aware that from time to time the investment manager will require a portion of the allocated funds to be held in cash provided the cash holdings do not exceed five percent (5%) of the manager's allocation for any given quarter. unless such cash holdings are an integral part of a fixed income manager's investment strategy.



The KPPA Investment Staff may passively manage up to twenty (20%) percent of the overall portfolio dedicated to these efficient markets. Beyond this level the CIO shall seek the approval of the Investment Committee by e,xplaining how further passive management would help achieve the overall portfolio objectives.



County Employees Retirement Systems

Investment Budget Update

Quarter Ending: June 30, 2023

CERS Board Meeting - Investment Committee Report

KENTUCKY PUBLIC PENSIONS AUTHORITY										
Investment Budget										
For the twelve month period ending June 30, 2023										
Account Name	FY 2019	FY 2020	FY 2021	FY 2022	Trust Budget FY 2023	Q4 2023	FYTD 2023	Remaining	Percentage Spent	Trust Budget FY 2024
CONSULTING SERVICES										
Wilshire Associates	\$ 1,021,799	\$ 1,238,170	\$ 1,225,671	\$ 1,021,175	\$ 1,190,000	\$ 274,600	\$ 838,172	\$ 351,828	70%	\$ 1,200,000
Albourne	-	-	-	-	270,000	67,500	306,750	(36,750)	114%	275,000
MercerInsight	-	-	-	-	160,000	153,548	153,548	6,452	96%	165,000
SUBTOTAL	1,021,799	1,238,170	1,225,671	1,021,175	1,620,000	495,648	1,298,471	321,529	80%	1,640,000
LEGAL & AUDITING SERVICES										
Faegre Drinker			96,039	202,502	375,000	810	16,428	358,572	4%	100,000
Intelligent Management Solutions (IMS)	620,001	202,140	155,700	69,884	75,000	-	81,880	(6,880)	109%	350,000
McClain/Goldberg			891	-	25,000	-	-	25,000	0%	100,000
Reinhart	317,909	671,269	663,689	619,509	437,500	43,825	109,508	327,992	25%	2,500,000
Stoll-Keenon-Ogden	10,314	135,353	254,211	463,560	250,000	393,985	750,438	(500,438)	300%	750,000
Haystack			-	-	140,000	64,283	120,175	19,825	86%	100,000
Umberg Zipser			289,100	498,058	360,000	364,137	606,701	(246,701)	169%	850,000
Frost Brown Todd			-	-	50,000	-	-	50,000	0%	-
Swansburg & Smith	-	-	-	-	-	-	5,288	(5,288)		50,000
Eddins Domine	-	-	-	-	-	-	40,305	(40,305)		50,000
Taft	-	-	-	-	-	75,804	142,720	(142,720)		50,000
Miscellaneous					200,000	-	-	200,000	0%	50,000
SUBTOTAL	948,225	1,008,762	1,459,630	1,853,513	1,912,500	942,844	1,873,441	39,059	98%	4,950,000
CONTRACTURAL SERVICES										
Bloomberg	68,722	71,810	98,163	102,243	150,000	26,623	104,153	45,847	69%	150,000
BNYM Custodial Fees	2,056,390	2,088,475	2,379,838	2,565,169	4,000,000	613,522	2,333,981	1,666,019	58%	2,600,000
eVestment (Solovis RMS)			-	30,000	35,000	-	33,800	1,200	97%	35,000
Solovis (Reporting & Analytics)			-	245,000	265,000	8,767	266,017	(1,017)	100%	275,000
FactSet	222,476	162,295	109,662	140,098	150,000	52,657	146,411	3,589	98%	150,000
Russell Index Subscription	1,075	1,250	1,000	1,000	1,500	250	750	750	50%	1,500
S&P Global		94,500	26,250	68,250	75,000	27,563	27,563	47,438	37%	75,000
TradeWeb			-	6,000	7,500	2,100	7,700	(200)	103%	7,500
State Street/Elkins McSherry	10,000	5,000	15,000	10,000	10,000	-	10,000	-	100%	10,000
ISS	32,050	32,050	28,288	35,813	37,000	8,013	39,875	(2,875)	108%	60,000
MSCI	1,000	1,000	1,000	1,000	1,000	-	1,000	-	100%	1,000
KPMG Tax Guarantor Services		7,606	22,050	7,350	7,500	-	-	7,500	0%	7,500
Jayant Ghevaria and CO		10,050	-	52,085	55,000	-	-	55,000	0%	55,000
India Renewal Fee (SEBI)			-	3,000	3,000	-	-	3,000	0%	3,000
With Intelligence	-	-	-	-	-	-	9,520	(9,520)	0%	9,520
Miscellaneous & New Services					250,000	-	-	250,000	0%	250,000
SUBTOTAL	2,391,713	2,474,036	2,681,251	3,267,008	5,047,500	739,495	2,980,769	2,066,731	59%	3,690,020

CERS Board Meeting - Investment Committee Report

KENTUCKY PUBLIC PENSIONS AUTHORITY										
Investment Budget										
For the twelve month period ending June 30, 2023										
Account Name	FY 2019	FY 2020	FY 2021	FY 2022	Trust Budget FY 2023	Q4 2023	FYTD 2023	Remaining	Percentage Spent	Trust Budget FY 2024
INACTIVE CONTRACTURAL SERVICES										
Dean Dorton	9,719		-	-	-		250	(250)		-
Hirschler		4,794	-	-	-					-
INFORMA	12,904		-	-	-					-
Lighthouse Solutions	3,093		-	-	-					-
London Stock Exchange GBP (GREAT BRITISH POUNDS)	6,467	3,544	-	-	-					-
Deutsche Bank Trust	3,000		3,000	-	-					-
Morris James LLP	94,192	20,154	-	-	-					-
Calcaterra Pollack			1,200,000	-	-					-
Manatt		90,798	30,757	-	-					-
ORG	162,344		-	-	-					-
SUBTOTAL	291,718	119,290	1,233,757	-	-	-	250	(250)	72%	-
TOTAL	\$ 4,653,455	\$ 4,840,258	\$ 6,600,309	\$ 6,141,696	\$ 8,580,000	\$ 2,177,987	\$ 6,152,931	\$ 2,427,069	72%	\$ 10,280,020

CERS Board Meeting - Investment Committee Report

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

KENTUCKY PUBLIC PENSIONS AUTHORITY Investment Fees and Expenses For the twelve month period ending June 30, 2023 Pension						
	2023		2022		2021	
	FYTD Fees	Market Value	FYTD Fees	Market Value	FYTD Fees	Market Value
Core Fixed Income	2,810,843	2,157,082,914	2,679,056	2,126,730,865	2,648,483	2,380,760,174
<i>Investment Advisory Fees</i>	2,161,526		2,284,025		2,579,704	
<i>Performance Fees</i>	597,736		327,140		-	
<i>Miscellaneous Fees and Expenses</i>	51,580		67,891		68,779	
Public Equity	13,439,395	7,675,481,712	14,055,871	6,283,684,703	12,690,120	6,952,113,563
<i>Investment Advisory Fees</i>	13,221,493		13,773,772		12,466,655	
<i>Miscellaneous Fees and Expenses</i>	217,902		282,099		223,465	
Specialty Credit Fixed Income	65,560,653	3,232,557,049	50,984,092	3,140,978,211	44,112,571	3,048,523,710
<i>Investment Advisory Fees</i>	18,967,582		18,167,989		15,415,716	
<i>Performance Fees</i>	18,303,365		23,790,103		24,234,258	
<i>Miscellaneous Fees and Expenses</i>	28,289,706		9,025,999		4,462,596	
Real Estate	6,077,555	970,705,137	34,875,097	882,758,681	9,191,005	610,213,834
<i>Investment Advisory Fees</i>	7,666,218		5,759,527		4,772,617	
<i>Performance Fees</i>	(3,012,939)		25,779,317		2,414,707	
<i>Miscellaneous Fees and Expenses</i>	1,424,277		3,336,253		2,003,680	
Real Return	6,438,573	477,175,149	4,923,027	560,575,289	8,313,392	1,033,884,979
<i>Investment Advisory Fees</i>	3,643,650		3,237,685		4,663,221	
<i>Performance Fees</i>	1,787,354		1,326,636		3,021,470	
<i>Miscellaneous Fees and Expenses</i>	1,007,569		358,707		628,701	
Private Equity	10,690,392	1,158,434,650	59,843,619	1,289,931,630	58,785,850	1,236,163,938
<i>Investment Advisory Fees</i>	6,858,327		7,269,395		8,081,476	
<i>Performance Fees</i>	(206,420)		47,992,035		48,458,818	
<i>Miscellaneous Fees and Expenses</i>	4,038,484		4,582,189		2,245,555	
Administrative Expense/Cash	3,907,558	1,037,039,063	4,288,007	718,023,703	4,248,561	526,326,268
Total Investment Mgmt Fees	108,924,969	16,708,475,674	171,648,769	15,002,683,082	139,989,981	15,787,986,466

KENTUCKY PUBLIC PENSIONS AUTHORITY Investment Fees and Expenses For the twelve month period ending June 30, 2023 Insurance						
	2023		2022		2021	
	FYTD Fees	Market Value	FYTD Fees	Market Value	FYTD Fees	Market Value
Core Fixed Income	1,045,453	767,203,724	1,025,837	783,771,227	1,050,510	865,995,148
<i>Investment Advisory Fees</i>	815,621		884,381		995,622	
<i>Performance Fees</i>	212,206		117,337		28,448	
<i>Miscellaneous Fees and Expenses</i>	17,626		24,118		26,440	
Public Equity	6,213,291	3,502,969,757	6,254,311	2,913,823,466	5,708,928	3,116,599,040
<i>Investment Advisory Fees</i>	6,114,797		6,151,291		5,612,577	
<i>Miscellaneous Fees and Expenses</i>	98,493		103,020		96,351	
Specialty Credit Fixed Income	29,502,537	1,450,421,603	22,623,007	1,417,059,844	19,174,439	1,383,567,012
<i>Investment Advisory Fees</i>	8,250,969		9,031,968		6,978,722	
<i>Performance Fees</i>	8,673,066		9,702,493		10,392,111	
<i>Miscellaneous Fees and Expenses</i>	12,578,501		3,888,546		1,803,605	
Real Estate	2,906,175	428,207,724	14,379,286	372,994,823	3,945,135	258,214,840
<i>Investment Advisory Fees</i>	3,467,712		2,491,508		2,048,449	
<i>Performance Fees</i>	(1,172,536)		10,457,273		1,043,274	
<i>Miscellaneous Fees and Expenses</i>	610,998		1,430,505		853,412	
Real Return	2,958,987	185,474,384	2,154,305	218,958,241	3,278,267	435,909,260
<i>Investment Advisory Fees</i>	1,645,581		1,456,997		2,005,961	
<i>Performance Fees</i>	809,344		526,052		91,499	
<i>Miscellaneous Fees and Expenses</i>	504,062		171,255		1,180,807	
Private Equity	7,312,492	591,148,154	35,364,269	625,456,058	35,821,138	585,420,005
<i>Investment Advisory Fees</i>	4,438,736		4,821,382		5,232,127	
<i>Performance Fees</i>	959,666		28,808,835		29,557,732	
<i>Miscellaneous Fees and Expenses</i>	1,914,090		1,734,052		1,031,279	
Administrative Expense/Cash	1,938,475	269,624,118	2,171,197	277,962,758	2,183,105	291,596,737
Total Investment Mgmt Fees	\$ 51,877,408	\$ 7,195,049,465	\$ 83,972,211	\$ 6,610,026,417	\$ 71,161,521	\$ 6,937,302,042

KENTUCKY PUBLIC PENSIONS AUTHORITY				
Investment Fees and Expenses				
For the twelve month period ending June 30, 2023				
Pension				
	CERS		CERS Hazardous	
	FYTD Fees	Market Value	FYTD Fees	Market Value
Core Fixed Income	1,185,720	888,227,664	426,481	308,106,397
<i>Investment Advisory Fees</i>	657,773		237,608	
<i>Performance Fees</i>	251,424		90,822	
<i>Miscellaneous Fees and Expenses</i>	276,522		98,051	
Public Equity	7,740,466	4,387,286,431	2,642,874	1,515,427,955
<i>Investment Advisory Fees</i>	7,615,668		2,600,201	
<i>Miscellaneous Fees and Expenses</i>	124,798		42,673	
Specialty Credit Fixed Income	36,824,276	1,736,726,444	12,362,724	598,736,102
<i>Investment Advisory Fees</i>	10,397,747		3,516,942	
<i>Performance Fees</i>	10,559,452		3,511,209	
<i>Miscellaneous Fees and Expenses</i>	15,867,077		5,334,573	
Real Estate	3,531,907	545,934,822	1,111,846	173,706,674
<i>Investment Advisory Fees</i>	4,412,442		1,390,583	
<i>Performance Fees</i>	(1,692,745)		(535,316)	
<i>Miscellaneous Fees and Expenses</i>	812,210		256,578	
Real Return	3,825,109	274,707,402	1,358,772	91,713,509
<i>Investment Advisory Fees</i>	2,155,566		761,082	
<i>Performance Fees</i>	1,000,077		382,490	
<i>Miscellaneous Fees and Expenses</i>	669,465		215,199	
Private Equity	7,482,353	689,035,272	2,230,020	229,769,451
<i>Investment Advisory Fees</i>	4,424,966		1,476,587	
<i>Performance Fees</i>	598,142		(63,433)	
<i>Miscellaneous Fees and Expenses</i>	2,459,245		816,866	
Administrative Expenses/Cash	2,042,242	171,907,505	702,496	88,838,443
Total Investment Mgmt Fees	62,632,073	8,693,825,540	20,835,214	3,006,298,533

KENTUCKY PUBLIC PENSIONS AUTHORITY				
Investment Fees and Expenses				
For the twelve month period ending June 30, 2023				
Insurance				
	CERS		CERS Hazardous	
	FYTD Fees	Market Value	FYTD Fees	Market Value
Core Fixed Income	467,645	335,364,055	218,672	152,770,944
<i>Investment Advisory Fees</i>	365,670		169,840	
<i>Performance Fees</i>	94,155		45,087	
<i>Miscellaneous Fees and Expenses</i>	7,821		3,745	
Public Equity	2,864,591	1,655,332,174	1,417,576	818,974,392
<i>Investment Advisory Fees</i>	2,818,363		1,395,115	
<i>Miscellaneous Fees and Expenses</i>	46,228		22,461	
Specialty Credit Fixed Income	13,309,873	650,532,690	7,044,758	321,600,060
<i>Investment Advisory Fees</i>	3,706,529		1,906,037	
<i>Performance Fees</i>	3,918,081		2,118,938	
<i>Miscellaneous Fees and Expenses</i>	5,685,263		3,019,782	
Real Estate	1,335,788	196,683,332	732,331	107,911,578
<i>Investment Advisory Fees</i>	1,593,550		873,895	
<i>Performance Fees</i>	(538,409)		(295,491)	
<i>Miscellaneous Fees and Expenses</i>	280,647		153,926	
Real Return	1,398,921	84,098,030	643,813	44,444,638
<i>Investment Advisory Fees</i>	777,558		363,888	
<i>Performance Fees</i>	390,796		154,355	
<i>Miscellaneous Fees and Expenses</i>	230,567		125,569	
Private Equity	2,718,202	268,196,982	1,462,639	150,751,408
<i>Investment Advisory Fees</i>	2,144,383		1,196,508	
<i>Performance Fees</i>	(271,682)		(195,393)	
<i>Miscellaneous Fees and Expenses</i>	845,501		461,525	
Administrative Expenses/Cash	881,713	84,731,999	436,450	9,586,566
Total Investment Mgmt Fees	\$ 22,976,733	\$ 3,274,939,261	\$ 11,956,237	\$ 1,606,039,587

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

[Revised: September ~~14, 2022~~13, 2023]

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 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

COUNTY EMPLOYEES RETIREMENT SYSTEM BOARD OF TRUSTEES
STATEMENT OF BYLAWS AND COMMITTEE ORGANIZATION
 [As Adopted: September ~~14, 2022~~ 13, 2023]

- 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 2nd Monday of December at times selected by the Board Chair. in the third month of each calendar year quarter. The CERS Board shall adopt the official Regular Meeting calendar no later than December 31 of the previous year.~~
 - e.f. Trustee Training. ~~In addition to the regular Board of Trustees meetings, the Board Chair may schedule Trustee Training sessions for the third Wednesday of January, July, and October.~~
 - f.g. 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.

COUNTY EMPLOYEES RETIREMENT SYSTEM BOARD OF TRUSTEES
STATEMENT OF BYLAWS AND COMMITTEE ORGANIZATION
 [As Adopted: September 14, 2022]

- 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' 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.
- n. 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.
- o. 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

COUNTY EMPLOYEES RETIREMENT SYSTEM BOARD OF TRUSTEES
STATEMENT OF BYLAWS AND COMMITTEE ORGANIZATION
[As Adopted: September ~~14, 2022~~ 13, 2023]

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. Legislative Issues. 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. The Board will also review legislation proposed by the General Assembly that is likely to have significant impact on the funded status, existing member benefits, or system administration for any 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.

COUNTY EMPLOYEES RETIREMENT SYSTEM BOARD OF TRUSTEES
STATEMENT OF BYLAWS AND COMMITTEE ORGANIZATION
[As Adopted: September 14, 2022]

- 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 ensuring 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.

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

[As Adopted: September ~~14, 2022~~ 13, 2023]

- 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 or an ad-hoc CERS Legislative Committee 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.
- o. 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.
- m. 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.
- n. 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.
- o. 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.
- p. 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.
- q. In the case of emergency conditions that threaten the functioning of the County Employees Retirement System, the preservation or protection County Employees Retirement System' property or assets, vital data, or the health and safety of any person, and where a quorum of the CERS Board is unavailable, the

COUNTY EMPLOYEES RETIREMENT SYSTEM BOARD OF TRUSTEES
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 [As Adopted: September 14, 2022]

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 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 ~~semi-annually~~ on the second Wednesday of February and April and the fourth Wednesday of October, with authority to convene additional meetings, as circumstances require. ~~The regular meetings shall be held in the first quarter and the fourth quarter of the calendar year.~~ 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 System 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

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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 four (4) 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 ~~those~~ 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).

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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 System 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-four (45)~~ members, as follows: the three (3) trustees appointed by the Governor pursuant to KRS 78.782(2)(b)(4-6) (investment experience), and one (1) trustees appointed by the CERS Board Chair, ~~and one (1) Trustee elected by the membership (KRS 78.782(4) or one (1) Trustee appointed by the Governor pursuant to KRS 78.782(2)(b)(1-3) (retirement administration).~~
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

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- 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 ~~these~~ 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 Systems as required by KRS 61.702.
 1. **Committee Responsibilities.**
 - A. The Committee will meet quarterly to review reports from KPPA staff and retiree health insurance consultants with authority to convene additional meetings, as circumstances require. The regular quarterly meetings shall be held 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,

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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. **Joint Kentucky Retirement Systems and CERS Audit 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. The Committee will act on behalf of the Board in fulfilling its oversight responsibilities for the system of internal control, the internal and external audit processes, and the process for monitoring compliance with laws, regulations and the code of conduct.~~

~~1. **Committee Responsibilities.** The Committee will meet quarterly, with authority to convene additional meetings, as circumstance require. The regular quarterly meetings shall be held at those times selected by the Joint Audit Committee Chair.~~

~~A. The Committee shall have the authority to review reports by the Internal Auditor and to recommend appropriate policies and procedures. Additional responsibilities are enumerated in the Audit Committee Charter.~~

~~B. The Committee shall have the authority to receive communications and audit reports from the KPPA external auditor and recommend actions to the KRS & CERS Boards and KPPA for improving internal controls, financial reporting, and management.~~

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

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

~~h.g. **Personnel Committee.** The CERS Personnel Committee shall include three 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.** 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, determined by the Board of Trustees no later than the December Board of Trustees meeting of the previous calendar year. Special meetings may be convened in conjunction with the need to evaluate, advise, coach or reprimand any CERS employee or professional services contract provider.

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A. 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.

B. 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.

C. 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. **Legislative Committee.** The CERS Legislative Committee shall include three members with relevant experience for developing pension management policies and related legislation appointed by the CERS Chair. The Committee shall elect a Chair and Vice-Chair.

1. **Committee Responsibilities.** The Legislative Committee shall meet at least annually to review legislative proposals under consideration by the General Assembly, with authority to convene special meetings as necessary. Regular meetings shall be held on the 4th Monday of July and August at a time selected by the Committee Chair.

A. The Committee shall review pension legislation proposed in the General Assembly that affects CERS and may develop a recommended position on the legislation to be adopted by the CERS Board of Trustees.

B. The Committee may develop recommended legislative changes for submission to the Public Pension Oversight Board (PPOB). These recommendations should be approved by the CERS Board of Trustees prior to submission to PPOB.

C. The CERS CEO shall review pension-related legislation on the General Assembly docket and provide feedback to the CERS Legislative Committee for consideration. The CEO may also recommend Special Meetings of the Committee to consider critical legislation in a timely manner.

i. 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.

Delegation of Authority. 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.

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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 an ad hoc Committee of the CERS Board and fix its duties and responsibilities for any purpose which, in the judgment of the CERS Chair or the CERS Board, is better served by a temporary rather than CERS 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 Chair and designate the other members of the CERS 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 2.76 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 14th_ day, of September 2022.

	Date
Chair, Board of Trustees	
	Date
CERS Chief Executive Officer	



PROPOSED RECURRING MEETING SCHEDULE

BY MONTH		BY COMMITTEE	
MONTH	MEETINGS	COMMITTEE	SCHEDULE
January	Personnel – 2 nd Tuesday Training – 3 rd Wednesday	Actuarial	Feb – 2 nd Wednesday April – 2 nd Wednesday October 30 – last Wednesday
February	Actuarial – 2 nd Wednesday Healthcare – 3 rd Thursday Finance – 3 rd Monday Investment – 4 th Wednesday	Finance	Feb – 3 rd Monday May – 3 rd Monday August – 3 rd Monday November – 4 th Monday
March	Board – 3 rd Wednesday	Investment	Feb – 4 th Wednesday May – 4 th Wednesday August – 4 th Wednesday November – 4 th Tuesday
April	Actuarial – 2 nd Wednesday Board (Annual) – 3 rd Wednesday	Legislative	July – 4 th Monday August – 4 th Monday
May	Healthcare – 2 nd Wednesday Finance – 3 rd Monday Investment – 4 th Wednesday	Personnel	Jan – 2 nd Tuesday June – 2 nd Tuesday
June	Personnel – 2 nd Tuesday Board – 3 rd Wednesday	Joint Retiree Health Care	Feb – 3 rd Thursday May – 2 nd Wednesday September – 1 st Tuesday October – 3 rd Monday
July	Trustee Training – 3 rd Wednesday Legislative – 4 th Monday	Board of Trustees	March – 3 rd Wednesday April – 3 rd Wednesday June – 3 rd Wednesday Sept – 3 rd Wednesday Nov – 1 st Wednesday December – 2 nd Monday
August	Finance – 3 rd Monday Legislative – 4 th Monday Investment – 4 th Wednesday	Trustee Training	Jan – 3 rd Wednesday July – 3 rd Wednesday October – 3 rd Wednesday
September	Healthcare – 1 st Tuesday Board – 3 rd Wednesday		
October	Trustee Training – 3 rd Wednesday Healthcare – 3 rd Monday Actuarial – October 30 (last Wednesday)		
November	Board – 1 st Wednesday Finance – 4 th Monday Investment – 4 th Tuesday		
December	Board – 2 nd Monday		

January 2024

January 2024							February 2024						
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	29	30	31								29		

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Dec 31	Jan 1, 24	2	3	4	5	6
7	8	9 CERS Personnel	10	11	12	13
14	15	16	17 CERS Trustee Training	18	19	20
21	22	23	24	25	26	27
28	29	30	31	Feb 1	2	3

<h1>February 2024</h1>							February 2024							March 2024						
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Jan 28	29	30	31	Feb 1	2	3	4	5	6	7	8	9	10							
11	12	13	14 CERS Actuarial Committee	15 Joint Retiree HealthCare Committee	16	17	18	19 CERS Finance Committee	20	21	22	23	24							
25	26	27	28 CERS Investment Committee	29	Mar 1	2														

<h1>March 2024</h1>							<table border="1"> <thead> <tr> <th colspan="7">March 2024</th> <th colspan="7">April 2024</th> </tr> <tr> <th>Su</th><th>Mo</th><th>Tu</th><th>We</th><th>Th</th><th>Fr</th><th>Sa</th> <th>Su</th><th>Mo</th><th>Tu</th><th>We</th><th>Th</th><th>Fr</th><th>Sa</th> </tr> </thead> <tbody> <tr> <td>3</td><td>4</td><td>5</td><td>6</td><td>7</td><td>8</td><td>9</td> <td>7</td><td>8</td><td>9</td><td>10</td><td>11</td><td>12</td><td>13</td> </tr> <tr> <td>10</td><td>11</td><td>12</td><td>13</td><td>14</td><td>15</td><td>16</td> <td>14</td><td>15</td><td>16</td><td>17</td><td>18</td><td>19</td><td>20</td> </tr> <tr> <td>17</td><td>18</td><td>19</td><td>20</td><td>21</td><td>22</td><td>23</td> <td>21</td><td>22</td><td>23</td><td>24</td><td>25</td><td>26</td><td>27</td> </tr> <tr> <td>24</td><td>25</td><td>26</td><td>27</td><td>28</td><td>29</td><td>30</td> <td>28</td><td>29</td><td>30</td><td></td><td></td><td></td><td></td> </tr> <tr> <td>31</td><td></td><td></td><td></td><td></td><td></td><td></td> <td></td><td></td><td></td><td></td><td></td><td></td><td></td> </tr> </tbody> </table>							March 2024							April 2024							Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	3	4	5	6	7	8	9	7	8	9	10	11	12	13	10	11	12	13	14	15	16	14	15	16	17	18	19	20	17	18	19	20	21	22	23	21	22	23	24	25	26	27	24	25	26	27	28	29	30	28	29	30					31													
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SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Mar 31	Apr 1	2	3	4	5	6
7	8	9	10 CERS Actuarial Committee	11	12	13
14	15	16	17 CERS Board Annual Meeting	18	19	20
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28	29	30	May 1	2	3	4

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CERS Board Meeting - Administrative

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**KENTUCKY COUNTY EMPLOYEES' RETIREMENT SYSTEM
STRATEGIC PLAN 2024-2028**



**KENTUCKY COUNTY EMPLOYEES’ RETIREMENT SYSTEM
STRATEGIC PLAN 2024-2028**

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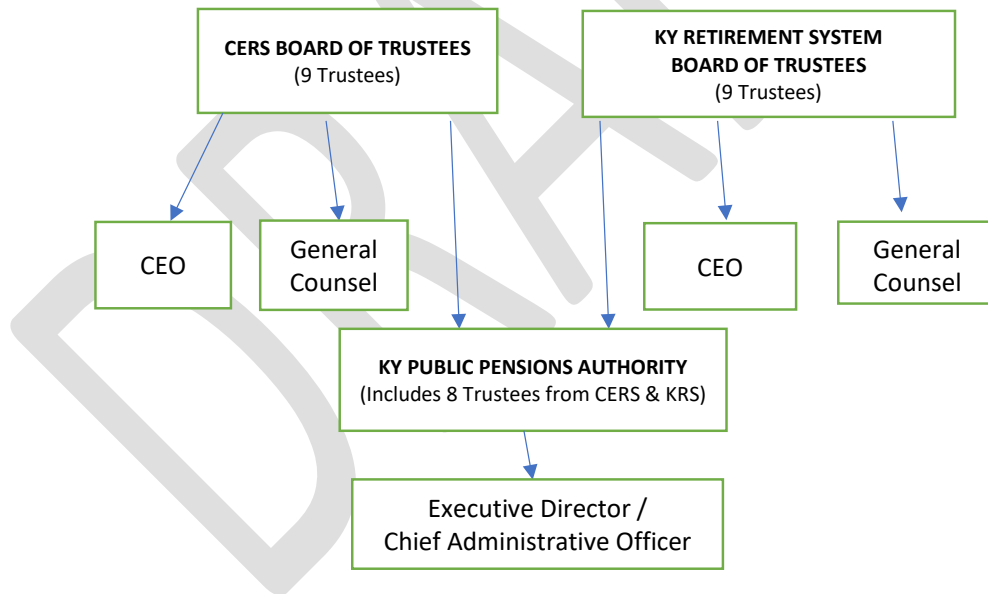
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EXECUTIVE SUMMARY

INTRODUCTION

The Kentucky County Employees Retirement System (CERS) was established July 1, 1958, by the Kentucky General Assembly. Guidance for CERS is found in Chapter 78 of the Kentucky Revised Statutes (KRS). Chapter 78 outlines the governing board structure, postretirement plan design, membership, and authority for employee and employer contributions for both a Non-Hazardous plan and a Hazardous plan. In 2020, the Kentucky General Assembly created a separate governing board for CERS and effective April 1, 2021, the new governance structure was initiated.

Administrative support is provided by the Kentucky Public Pensions Authority (KPPA), also created effective April 1, 2021 (KRS 61.505). CERS is represented by four Trustees on the KPPA governing board along with four Trustees from the Kentucky Retirement Systems (Ky Retirement). Ky Retirement is the governing board for the Kentucky Employees Retirement Systems (KERS—hazardous and nonhazardous) and the State Police Retirement System (SPRS). The relationship among the three board is illustrated below.



Employees of cities, counties, and special purpose governments are covered by the CERS, a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Public Pensions Authority (KPPA), an agency of the Commonwealth of Kentucky. In addition, employees of Kentucky school districts whose positions do not require a degree beyond a high school diploma also participate in CERS. As of April 1, 2021, Kentucky Revised Statute (“KRS”) Section 78.782 shifted the governance of CERS to a separate Board of Trustees of the County Employees Retirement System. The CERS Board manages the CERS trust, including investment management. KPPA provides the day-to-day administration (KRS 61.505) for accounting and benefit

administration for CERS. The Kentucky General Assembly has the authority to establish and amend benefit provisions.

CERS, KERS, and SPRS all provide defined benefit pension and other post-employment benefits for public employees. Retirement benefits to these retirees adds over \$2 billion to the Commonwealth's economy across 120 counties.

This inaugural Strategic Plan outlines the key goals and objectives that the CERS Board of Trustees hopes will provide a sustainable governing structure in compliance with the organizational guidance in Kentucky Revised Statutes, Chapter 78. The CERS Board of Trustees recognizes the importance of a partnership with key stakeholders in the Commonwealth, including public employees, employers, professional associations, and the citizens of the Commonwealth. These goals are focused on supporting the CERS organization, investment management, and support services to our membership. Postretirement benefits for both pension income and postretirement healthcare are critical for supporting all the public services to the citizens and the public employees who provide those services. These benefits provide financial security to CERS members and return an economic benefit to the citizens we serve.

The CERS Board of Trustees takes its fiduciary role very seriously. Governing statutes include specific guidance about our fiduciary roles and compliance with both the Kentucky Executive Branch Ethics Code and the CFA Pension Trustee Code of Conduct. In addition, Chapter 78 outlines the basic structures for investment management, Trustee education, as well as accountability and transparency. Goals in this Strategic Plan were selected based on the underlying guidance in Chapter 78 and the expectations of our stakeholders and the citizens of the Commonwealth.

MISSION

To deliver governance for the postretirement plans that support the financial security of our membership.

VISION

Provide a sustainable funding structure with an approach that is viable for all stakeholders.

CORE VALUES

We focus on supporting the KPPA delivery of quality customer service, providing a sound investment strategy, and communicating with our stakeholders to demonstrate transparency and accountability.

Our efforts will adhere to basic principles for quality customer service, ethical conduct, excellence, fiduciary duty, and ongoing operational improvement. We also commit to collaboration with the Kentucky Retirement System Board of Trustees to enhance the retirement programs for KERS and SPRS, as well as CERS.

STRATEGIC GOALS

Now that CERS has completed its organizational first year and adopted Board administrative and governance policies, the focus of the 2024 – 2028 Strategic Plan includes the following goals to strengthen the CERS retirement plans.

- Goal 1** *Actuarial* **Strengthen actuarial administration to achieve full funding of the CERS plans.**
- Goal 2** *Investment* **Enhance investment management to support prudent portfolio performance and compliance oversight.**
- ~~**Goal 3** *Audit* **Support the internal audit process to enhance ongoing operational process improvement.**~~
- Goal 4** *Finance* **Monitor administrative cost budget, financial management, and cost allocation policies.**
- Goal 5** *Healthcare* **Support ongoing improvements to the healthcare benefit structure that improve the quality of life for retirees.**
- Goal 6** *Administrative* **Finalize structure to support efficient governance for CERS post-retirement plans.**

The Strategic Goals section outlines the goals, expands the discussion of objectives for each goal, including targets and measurement principles, and describes how the CERS Board will identify success. The last section of the Plan summarizes a proposed timeline for working on the goals and objectives.

FUTURE PLANNING

The CERS Board of Trustees has developed this first five-year strategic plan to set the stage for future improvements in managing the postretirement benefit plans for local government employees. We also plan to update this strategic plan in the future to maintain a dynamic governance and management structure for the CERS plans, members, stakeholders, and citizens.

GOALS, OBJECTIVES, MEASURES AND TARGETS
--

Goal 1 *Actuarial* **Strengthen actuarial administration to achieve full funding of the CERS plans. (Approved by Actuarial Committee on November 2, 2022.)**

Objective A. Actuarial assumptions reflect actual trends.
<p>1) Measure: The CERS Board will require the actuary to use industry prevalent practices and methods for the analysis and recommendation of actuarial assumptions (economic and demographic) for use in the actuarial valuation.</p> <p style="margin-left: 20px;">Target: November 2022.</p>
Objective B. Avoid Negative Amortization.
<p>1) Measure: The CERS Board will work with the legislators on possible future changes to the funding policy that is in Statute such that any changes will not result in actuarial back loading (i.e. negative amortization of the unfunded actuarial accrued liability).</p> <p style="margin-left: 20px;">Target: Ongoing.</p>
Objective C. Attain 100% funded status in reasonable period.
<p>1) Measure: The financial goal is for the Systems to attain a 100% funded ratio in a reasonable time period with the CERS Board-adopted contributions increasing or decreasing as appropriate.</p> <p style="margin-left: 20px;">Target: January 2038.</p>
Objective D. Monitor financial and economic risks to plan.
<p>1) Measure: The CERS Board will request the actuary to perform a risk analysis or stress test from time to time to understand and quantify possible financial risks due to possible changing economic conditions or risks associated possible legislation that would result in materially lower contributions.</p> <p style="margin-left: 20px;">Target: January 2025.</p>

Goal 1. How Will the CERS Board Evaluate Success
<p>1) Employer contributions are consistent across the five years 2024 – 2028.</p> <p>2) Actuarial assumptions are consistent with actual experience.</p> <p>3) Funded status continues to improve.</p>

Goal 2 *Investment* Enhance investment management to support prudent portfolio performance and compliance oversight.

Objective A. Define quarterly investment performance and compliance reporting to the CERS Investment committee.	
1)	<p>Measure: Quarterly reports include both short-term (10 years or less) and long-term (20-year & since inception) performances by asset class and CERS plan (Haz, NonHaz, pension & insurance).</p> <p>Target: Expand investment performance reporting to highlight CERS investment performance.</p>
2)	<p>Measure: Investment compliance reports include comparisons of actual allocations vs IPS target allocations, manager performance vs benchmarks, portfolio performance vs benchmarks.</p> <p>Target: Resume investment compliance reporting to CERS Investment Committee.</p>
3)	<p>Measure: CERS investment performance compares favorably with peer statewide defined benefit plans.</p> <p>Target: Resume Wilshire reporting to CERS Investment Committee.</p>
Objective B.	
1)	<p>Measure:</p> <p>Target:</p>
2)	<p>Measure:</p> <p>Target:</p>
3)	<p>Measure:</p> <p>Target:</p>
Objective C.	
1)	<p>Measure:</p> <p>Target:</p>
2)	<p>Measure:</p> <p>Target:</p>
3)	<p>Measure:</p> <p>Target:</p>

2024 – 2028 CERS Strategic Plan
Goals, Objectives, Measures, & Targets (continued)

Goal 2. How Will the CERS Board Evaluate Success	
1)	Performance and compliance reports provide key information for CERS Investment Committee and Board of Trustees oversight.
2)	Performance and compliance reports are readily available to stakeholders on the KPPA website.

Goal 3 ~~Audit Support the internal audit process to enhance ongoing operational process improvement.~~

Objective A. Evaluate system risks and identify potential internal audit projects to assess controls designed to manage risks.	
1)	Measure: COSO (Committee of Sponsoring Organizations) Internal Control Framework principles are mapped to key administrative process.
	Target: By September 30, 2024
Objective B. Review Internal Audit project plans and recommend topics for consideration.	
1)	Measure: Agency risk assessments identifies key processes that merit inclusion on Internal Audit plan.
	Target: Ongoing
2)	Measure: External audit offers recommendations for administrative improvements to address internal control risks.
	Target: Ongoing
Objective C. Develop Trustee education sessions to highlight governing board's responsibility for internal controls and risk management.	
1)	Measure: Trustee training on COSO Framework
	Target: January 2024

Goal 3. How Will the CERS Board Evaluate Success	
1)	Increased analysis of internal control risks for key administrative processes are outlined in Internal Audit reports.
2)	Internal Audit reports provide insights for continued improvements in governance.

2024 – 2028 CERS Strategic Plan
Goals, Objectives, Measures, & Targets (continued)

<p>3) Trustee Education plan is expanded to include discussion of governing board's responsibilities for internal controls.</p>
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Goal 4 *Finance* Monitor administrative cost budget, financial management, and cost allocation policies.

<p>Objective A. Monitor budget development and CERS Board approval prior to submission to Governor's State Budget Director.</p>
<p>1) Measure: CERS Finance Committee reviews proposed administrative budget prior to CERS & KPPA Board discussions. Target: Ongoing</p> <p>2) Measure: . Target:</p>
<p>Objective B.</p>
<p>1) Measure: Target: Ongoing</p> <p>2) Measure: Target:</p> <p>3) Measure: Target:</p>
<p>Objective C.</p>
<p>1) Measure: Target:</p> <p>2) Measure: Target:</p> <p>3) Measure: Target:</p>

<p>Goal 4. How Will the CERS Board Evaluate Success</p>
<p>1) KPPA approves administrative budget prior to submission to Governor's State Budget Director.</p> <p>2) CERS provides input for managing administrative costs.</p>

Goal 5 *Healthcare Support ongoing improvements to the healthcare benefit structure that improves the quality of life for retirees.*

Objective A. Evaluate health insurance plan performance.	
1)	Measure: Annual reviews by plan administrator Target: Ongoing
2)	Measure: Target:
3)	Measure: Target:
Objective B. Maintain 100% funded status.	
1)	Measure: Actuarial funded status of CERS Insurance Plans remains stable or improves. Target: Ongoing
2)	Measure: Target:
3)	Measure: Target:
Objective C.	
1)	Measure: Target:
2)	Measure: Target:
3)	Measure: Target:

Goal 5. How Will the CERS Board Evaluate Success	
1)	Actuarial funded status remains stable or improves.

2024 – 2028 CERS Strategic Plan
 Goals, Objectives, Measures, & Targets (continued)

Goal 6 *Administrative* **Finalize structure to support efficient governance for CERS retirement plans.**

Objective A. Develop framework for CERS staff evaluations, professional development, and succession planning.
<p>1) Measure: Annual CEO performance evaluation is completed. Target: Ongoing</p> <p>2) Measure: Professional development plan for CEO is adopted. Target: Ongoing</p>
Objective B. Enhance communications with stakeholders.
<p>1) Measure: Periodic articles in association newsletters. Target: Ongoing</p> <p>2) Measure: Host webinars to highlight key retirement management issues. Target: September 2024</p> <p>3) Measure: Periodic testimony to Public Pension Oversight Board to highlight CERS performance and governance. Target: Ongoing</p>
Objective C. Formalize annual planning for Trustee Education.
<p>1) Measure: Quarterly educational sessions provide a minimum of 6 hours of CERS-sponsored education. Target: Ongoing</p> <p>2) Measure: Education catalog of videos provide Trustees with additional resources for training hours, including specific training for New Trustee Orientation sessions. Target: January 2024</p> <p>3) Measure: All Trustees meet the statutory requirements for 12 hours of annual training. Target: Ongoing</p>
Objective D. Establish methodology to evaluate effectiveness of Board governance.
<p>1) Measure: Independent analysis of CERS Board governance Target: 2024</p>

2024 – 2028 CERS Strategic Plan
Goals, Objectives, Measures, & Targets (continued)

<p>Objective E. Evaluate CERS By-Laws and administrative policies to improve Board’s effectiveness and enhance transparency.</p>
<p>1) Measure: By-laws updated to incorporate recommendations from consultant. Target: 2025</p> <p>2) Measure: Administrative policies updated to incorporate recommendations from consultant. Target: 2025</p>
<p>Objective F. Initiate planning process to update CERS Strategic Plan.</p>
<p>1) Measure: Ad-Hoc Committee appointed to review and update Strategic Plan. Target: 2028</p>

<p>Goal 6. How Will the CERS Board Evaluate Success</p>
<p>1) Timetable and criteria are established for CEO evaluation.</p> <p>2) Stakeholders’ feedback provides insights for additional improvements for system governance.</p> <p>3) Timetable and criteria are outlined for evaluation of CERS Board governance.</p> <p>4) By-laws and administrative policies are updated or confirmed as effective guidance for governance and accountability.</p> <p>5) Process established for updating the CERS Strategic Plan.</p>

2024 – 2028 CERS STRATEGIC PLAN TIMETABLE

This section outlines a proposed timetable for implementation activities for each Goal and Objective of the Strategic Plan. This timing establishes a proposed schedule for activities that will contribute toward the goals and objectives. Activities may be assigned to CERS Executive Staff, the CERS Board and its Committees, with requests for assistance as needed from the KPPA administrative staff.

GOAL/OBJECTIVE	2024	2025	2026	2027	2028
Goal 1. Actuarial Strengthen the actuarial administration to achieve full funding of the CERS plans.					
1) Actuarial assumptions reflect actual trends					
2) Avoid negative amortization.					
3) Attain 100% funded status.					
4) Monitor economic & financial risks.					

GOAL/OBJECTIVE	2024	2025	2026	2027	2028
Goal 2. Investment Enhance investment management to support prudent portfolio performance and compliance oversight.					
1) Define quarterly investment performance and compliance reporting.					
2)					
3)					
4)					

GOAL/OBJECTIVE	2024	2025	2026	2027	2028
Goal 3. Audit Support the internal audit process to enhance ongoing operational process improvement.					
1) Evaluate system risks and identify potential internal audit projects to assess controls designed to manage risks.					
2) Review Internal Audit project plans and recommend topics for consideration.					
3) Develop Trustee education sessions to highlight governing board's responsibility for internal controls and risk management.					

2024 – 2028 CERS Strategic Plan
 Timetable (continued)

GOAL/OBJECTIVE	2024	2025	2026	2027	2028
Goal 4. Finance Collaborate with Kentucky Retirement Systems to develop a cost-effective administrative cost budget, financial management, and cost allocation policies.					
1) Monitor Administrative Cost Allocation plan.					
2) Establish framework for budget development and CERS Board approval prior to submission Governor’s State Budget director					
3)					

GOAL/OBJECTIVE	2024	2025	2026	2027	2028
Goal 5. Healthcare Support ongoing improvements to the healthcare benefit structure that improves the quality of life for retirees.					
1) Evaluate health insurance plan performance.					
2) .					

GOAL/OBJECTIVE	2024	2025	2026	2027	2028
Goal 6. Administrative Finalize structure to support efficient governance for CERS post-retirement plans.					
1) CERS staff evaluations, professional development, and succession planning.					
2) Enhance communications with stakeholders.					
3) Formalize annual planning for Trustee education.					
4) Establish methodology to evaluate effectiveness of Board governance.					
5) Evaluate CERS By-Laws and administrative policies to improve Board’s effectiveness and enhance transparency.					
6) Initiate planning process to update CERS Strategic Plan.					



MEMORANDUM

DATE: September 13, 2023

TO: CERS Board of Trustees

FROM: Ed Owens, III
CEO

SUBJECT: CEO Quarterly Report

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

- 1. Strategic Planning.** I was given the mantle by the Board Chair to work with each Committee Chair concerning the creation/implementation of a strategic plan for CERS. I attended the national NASRA convention with the express intention of having conversations with similarly sized systems about their strategic planning process. At the same time, I was aware of the strategic planning effort being implemented by KPPA. After several conversations in Colorado and with KPPA executive staff, I came to the conclusion the only effective strategic plan for CERS would be to in collaboration with KPPA.

The strategic planning process should identify the large policy issues that need to be addressed within a particular system. There are several large policy issues that need to be addressed within the KPPA system. The initial strategic plan for CERS must be to help in the identification of those issues and provide reasonable cost-efficient solutions. I'll briefly discuss some of the broad areas that need to be addressed in our initial strategic plan.

We need to ensure that an effective risk assessment structure is in place for KPPA. The issues/areas of concern must be identified before they can be addressed. Currently, internal audit performs that role, as required by their professional standards, although they also need the opportunity to review the risk assessment process of senior management. The creation of a Senior Risk Officer position to establish the risk appetite for the agency is paramount to the creation/implementation of a strong strategic plan. Additionally, the CEM Benchmarking Study (discussed later) conducted by KPPA would seem to suggest our legal expenses are high for a system of our size. The strategic planning process for KPPA, and CERS, should determine whether there is an opportunity to reduce our reliance on outside legal firms and handle more with our in-house legal department. Further, CERS has a vested interest in the KPPA

procurement policy. Especially as it relates to the hiring of consultants/providers where the only decisionmakers of the procurement process also oversee the area to be reviewed by the consultant.

KPPA has contracted with Provaliant to help craft the strategic plan. There were two (2) launch meetings in May and Provaliant is poised to communicate its implementation strategy to KPPA at the start of 2024.

- 2. CEM Benchmarking Study.** KPPA has contracted with CEM to provide a benchmarking study. One of the most significant areas of the study is the establishment of the peer group. The KPPA peer group established by CEM consists of fourteen (14) public pension organizations. This information will also be helpful in the strategic planning process as we ascertain how those organizations are implementing strategic goals.

I am currently reviewing some of the potential recommendations that may result from the benchmarking study. Most importantly, the study will be utilized to inform the strategic planning process.

- 3. Annuity Rates.** GRS is required to utilize certain actuarial factors at select ages to provide the CERS and KRS Boards a certain interest rate for use in administering benefits.

GRS believes the most important decision is the selection of the same interest rate assumption for both Systems as they believe benefits should be identically administered since identical members should receive the same retirement benefit, regardless of system. Currently, the interest rate assumption is 5.25%. The interest rate assumption will have the largest impact on the conversion of a Tier 3 member's account balance to a monthly benefit as well as the cost of a member's service purchase. The higher the interest rate assumption, the larger the Tier 3 annuity benefit and the lower the cost to purchase service. However, the higher interest rate assumption will also result in some increased investment risk for the System to provide these benefits.

The interest rate assumption has minimal impact on the joint and survivor optional forms of payment.

I am currently working with John Chilton to determine whether we can recommend a single interest rate assumption for both systems. Our agreement, should we reach one, would only be a recommendation to the CERS Board. The CERS Board reserves the right to establish an independent rate for CERS members. KPPA has encouraged both systems to recommend a single rate for ease in implementation and application.

- 4. Hearing Officers.** The Office of Legal Services will propose a new strategy for the implementation of Hearing Officers at the KPPA quarterly meeting on September 28, 2023. I won't get in front of their recommendation but will state I'm very supportive of the change in strategy as it opens avenues for continued process improvement and streamlined expenses.

- 5. KPPA Housekeeping Bill.** There was considerable time and effort expended by various members of KPPA to meet with legislators, and others, to come to a consensus on the language

contained in the 2024 legislative version of the KPPA Housekeeping Bill. Ultimately, it was determined that the version of the bill that was presented to the 2023 General Assembly, but did not pass, would be the version filed for the upcoming session of the General Assembly.

6. **CERS Fiscal Year Investment Results.** Based on the solid return results for CERS in FY 2023, the Board will need to decide whether it makes sense to put out a separate press release that details our results. With a blended pension rate return of approximately 10.3%, and a blended insurance rate of return of approximately 10.2%, some consultants would place our returns in the top 10% in the country for the fiscal year. I have worked with the KPPA Communications Office about what a separate CERS release would look like but ultimately it is the determination of the CERS Board as to whether we issue a separate press release.
7. **Budget Work Group.** I continue as a member of the budget work group. The KPPA CFO is in the process of filing the bi-annual KBUD and the group is determining how to position the KBUD in a way that allows for an increase the headcount number for the agency should the strategic planning process dictate such growth.

CERS Trustee Education Hours Summary 2023-2024			
Name	Current Hours	Hours Needed	Due Date
Merl Hackbart	4	8	3/31/2024
George Cheatham	2	10	3/31/2024
William O'Mara	14	0	3/31/2024
Jerry Wayne Powell	4	8	3/31/2024
Betty Pendergrass	19	0	3/31/2024
Patricia P. Carver	6.5	5.5	3/31/2024
J. Michael Foster	4	8	7/1/2024
J.T. Fulkerson	4	8	7/1/2024
Martin Milkman	0	12	7/1/2024



POTENTIAL TRUSTEE TRAINING OPPORTUNITIES

- 1. Anatomy of a Lawsuit (2 hours)**
 - a. Thursday, September 7, 2023 10:00 am
 - b. Will be available to be viewed later (contact Katie Park)
 - c. Office of Legal Services

- 2. Investment Risk Management (2 hours)**
 - a. Date: TBD
 - b. Will be available to be viewed later (contact Katie Park)
 - c. Office of Investments

- 3. NCPERS Paper (2 hours)**
 - a. [Ten Ways to Close Public Pension Funding Gaps \(September 2020\)](#)
 - b. Please let Katie know you have completed by filing out the training form

- 4. Wilshire Quarterly Market Update – 2nd Quarter 2023 (1 hour)**
 - a. [Second Quarter 2023 Market Update Webinar Replay | Wilshire](#)
 - b. Please let Katie know you have completed by filing out the training form



Month of August 2023 Activity

1. Meetings: Board, Committee and Standing

- a. CERS Finance Committee Meeting
- b. CERS Investment Committee Meeting
- c. KPPA Directors Meeting
- d. KPPA Ad Hoc Regulation Committee Meeting
- e. KPPA Audit Committee Meeting
- f. Joint DAC/AAC Committee Meeting
- g. PPW Meeting
- h. KRS Investment Committee Meeting
- i. Bi-monthly Investment Team Meeting
- j. Bi-monthly CEO and Executive Staff Meeting
- k. Litigation Update Meeting
- l. Budget Work Group Meeting
- m. Meeting to review Actuarial Factors
- n. Trustee Orientation

2. General Assembly Related Matters

- a. Meeting with PPOB Co-Chairs to discuss potential KPPA Housekeeping Bill
- b. Meeting with Dave and PPOB Co-Chairs to discuss Housekeeping Bill
- c. Attended August PPOB Meeting

3. Miscellaneous Meetings

- a. Meeting with John Chilton, Dave, and Senior Staff to discuss Actuarial Factors
- b. Meeting with Johnson Bowman Branco, KPPA legal staff to discuss CERS related litigation matter to be presented to CERS Board
- c. Met with Dave and Senior Staff to discuss how CERS investment results would/should be communicated to the public
- d. Attended the National NASRA Convention held in Colorado

4. Projects

- a. Had many conversations in Colorado concerning strategic planning's goals and initiatives. The consensus was that strategic planning should be centered around high-level policy issues/concerns for the organization. Indicated to Dave we wanted to work in collaboration with KPPA's strategic planning initiative which will start its implementation phase around the first of the year.
- b. I continue to review the implications of the CEM Benchmarking Report and how the results should drive some of the policy implications of the strategic plan.
- c. Working with KPPA Legal on how to present information concerning Hearing Officers.



KENTUCKY PUBLIC PENSIONS AUTHORITY

David L. Eager, Executive Director

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



To: Kentucky Public Pensions Authority Board

From: David Eager, Executive Director

Date: September 6, 2023

Subject: KPPA Update

I. LEGISLATION:

Housekeeping Bill

- Staff met with Representative D.J. Johnson, Senator Jimmy Higdon, Senator Robby Mills, and representatives of KACo, LOC, and the SBA to discuss our Housekeeping Bill. They agree to find a sponsor and submit as presented.
- Have submitted language to LRC for KPPA, KERS, and CERS to lease or acquire property for the purpose of being able to operate.
- Provided an actuarial analysis on Tier 3 Hazardous members moving to Tier 2.

II. CEM VOICE OF THE CUSTOMER: Planning to retain CEM to conduct interviews with members who have recently been served regarding their servicing experience. This appears to be a unique service (i.e., no other providers).

III. KEY PERFORMANCE INDICATOR (KPI) PROJECT: The KPI project continues to get refined. Initially we plan to have 19 KPIs with 16 of those being actively updated. The next phase will include 5 KPIs focused on KPPA cyber security.

IV. KPPA STRATEGIC PLAN: An update from Provaliant is scheduled for September 7th.

V. STAFFING: We currently have 262 employees; 254 full-time, 7 interim, and 1 part-time. Thirteen employees have been hired since the last KPPA meeting.

Division	Title
ERCE	1 Retirement System Counselor
Member Services	4 Retirement System Counselors
Membership Support	3 Retirement System Counselors
Disability & Survivor Benefits	2 Retirement System Counselors
Retiree Healthcare	1 Retirement System Counselor
Legal Advocacy	1 Law Clerk
Legal Non-Advocacy	1 Administrative Specialist III

- VI. FINANCE CABINET:** Met with Ryan Barrow, Steve Starkweather, and staff of The Commonwealth of Kentucky Office of Financial Management. We are complying with their request for a KPPA litigation document for use with the rating agency and other public requests.
- VII. SAFR:** A draft of the SAFR is underway. Communications began working on the SAFR layout last month, as well as updating various components of the report with data available following completion of KPPA's Fiscal Year end jobs. As additional data is provided to Communications staff, SAFR updates will continue, with an initial draft of the full report available to executives for review in early November.
- VIII. CONFERENCE ATTENDANCE:** KPPA staff have attended several conferences since May 2023 and are scheduled to attend additional conferences this calendar year.

May

CEM Benchmarking- Rebecca Adkins

June

2023 Chief Officers Summit-Rebecca Adkins

July

Institutional Limited Partners Association (ILPA) 2023 Legal Documents Course- Carrie Bass

August

Institutional Investor Week Conference- Anthony Chiu

NASRA Conference- Rebecca Adkins, Michael Board, Ed Owens, III, and John Chilton

Public Pension Funding Forum- Erin Surratt

September

ARCTOS Annual Meeting- Anthony Chiu

Stockbridge's Annual Meeting- Anthony Chiu

Fund Evaluation Group- Anthony Chiu

Info-Tech Live 2023- Dominique McKinley

ILPA Private Equity Legal Conference- Victoria Hale

October

Public Pension Finance Forum- Mike Lamb

Association of Asian American Investment Managers- Anthony Chiu

- IX. LEGISLATIVE PRESENTATION:** Presenting to the Jt. A&R Committee on September 20th.
- X. ALL EMPLOYEE MEETINGS:** Scheduled for September 26th and 27th.

- XI. CYBER INSURANCE:** KPPA has received some bids for a \$5M Cyber Insurance Policy from various vendors. The procurement team has evaluated the bidders and feels comfortable in making a selection. Upon selection, contract negotiations will begin with the successful bidder and Legal will have a chance to review the proposed policy and coverage(s).