



**County Employees Retirement System  
Board of Trustees – Regular Meeting  
September 14, 2022 at 2:00 pm ET (1:00 pm CT)  
Live Video Conference/Facebook Live**

**AGENDA**

- |  |                                    |
|--|------------------------------------|
| <b>1. Call to Order</b>  | <b>Betty Pendergrass</b>           |
| <b>2. Opening Statement</b>  | <b>Michael Board</b>               |
| <b>3. Roll Call</b>  | <b>Sherry Rankin</b>               |
| <b>4. Public Comment</b>   | <b>Sherry Rankin</b>               |
| <b>5. Approval of Minutes* -- June 14, 2022, June 27, 2022<br/>and September 1, 2022</b> | <b>Betty Pendergrass</b>           |
| <b>6. Finance Committee Report</b>   | <b>JT Fulkerson</b>                |
| a. YTD Financial Reports   | <b>Connie Davis</b>                |
| b. Accounts Receivable   | <b>Connie Davis</b>                |
| c. Hazardous Duty Requests*  | <b>D’Juan Surratt</b>              |
| d. FY 2022 External Audit & Reporting  | <b>Connie Davis</b>                |
| <b>7. Investment Committee Report</b>  | <b>Dr. Merl Hackbart</b>           |
| a. CERS Quarterly Investment Reports   | <b>Steve Willer</b>                |
| b. Wilshire Quarterly Investment Report  | <b>David Lindberg/Craig Morton</b> |
| c. Wilshire Contract   | <b>Steve Willer</b>                |
| <b>8. Personnel Committee</b>  | <b>Jim Tony Fulkerson</b>          |
| a. Amendment to CERS Bylaws*   |                                    |
| b. Evaluation Template*  |                                    |
| <b>9. Joint Audit Committee Report</b>   | <b>Kristen Coffey</b>              |
| a. Internal Audit Projects*  | <b>Kristen Coffey</b>              |
| <b>10. Joint Retiree Health Plan Committee Report*</b>                                   | <b>Jerry Powell</b>                |
|  | <b>Connie Pettyjohn</b>            |
| <b>11. Legislative Working Group</b>   | <b>Mike Foster</b>                 |
| <b>12. Administrative</b>  | <b>Betty Pendergrass</b>           |
| a. Strategic Planning  | <b>Dominique McKinley</b>          |
| b. Department Spotlight—IT   | <b>Ed Owens, III</b>               |
| c. CEO Report  | <b>David Eager</b>                 |
| d. KPPA Update*  |                                    |
| <b>13. Closed Session*</b>   | <b>Joe Bowman</b>                  |
| <b>14. Adjourn</b>   | <b>Betty Pendergrass</b>           |

\*Board May Take Action

**MINUTES OF MEETING  
COUNTY EMPLOYEES RETIREMENT SYSTEM  
BOARD OF TRUSTEES MEETING  
June 14, 2022 AT 2:00 P.M. ET  
VIA LIVE VIDEO TELECONFERENCE**

At the annual meeting of the County Employees Retirement System Board of Trustees held on June 14, 2022 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, KRS CEO John Chilton, David Eager, Rebecca Adkins, Erin Surratt, Connie Davis, Kristen Coffey, D’Juan Surratt, Jared Crawford, Steve Willer, Connie Pettyjohn, Ann Case, Leigh Ann Davis, Carrie Bass, Elizabeth Smith, Glenna Frasher, and Sherry Rankin. Others present included Janie Shaw with GRS, Carla Whaley, Larry Loew and Tracey Garrison of Humana, Chris Tessman, David Lindberg, and Craig Morton with Wilshire, and Eric Branco with Johnson Bowman Branco, LLP.

Ms. Pendergrass called the meeting to order and read the Legal Opening Statement.

Ms. Rankin took Roll Call.

There being no *Public Comment* submitted, Ms. Pendergrass introduced agenda item *Approval of Minutes – April 18, 2022, April 20, and April 22, 2022*. Mr. Powell made a motion to approve all minutes as presented and was seconded by Mr. Fulkerson. The motion passed unanimously.

Ms. Pendergrass introduced agenda item *Finance Committee Report*. Mr. O’Mara, Finance Committee Chair, stated that the Committee met on June 2, 2022 and unanimously approved Hazardous Duty requests for five positions in member organizations. The Committee is requesting CERS Board approval. Mr. Fulkerson made a motion to approve the Hazardous Duty Requests and was seconded by Dr. Milkman. The motion passed unanimously. Further, Mr. O’Mara stated that the additional items presented at the June 2, 2022 Finance Committee meeting were informational. Ms. Rebecca Adkins presented the Combining Statement of Fiduciary Net Position of the Pension Funds for CERS Non-hazardous and CERS Hazardous. She stated that overall both plans are up. This Fiduciary Net Position report compares the end of the third quarter of the current fiscal year. Assets are up for the CERS Plans a total of 5.56%. Ms. Adkins reviewed the Combining

Statement of Changes in Fiduciary Net Position of the Pension Funds and explained that this statement compares the gains for the period July 31, 2021 to March 31, 2022. CERS Non-hazardous has increased by .29% and CERS Hazardous has increased by .89%. General member contributions, employer contributions, and inflows and outflows have also increased. Ms. Adkins went on to review the Combining Statement of Changes in Fiduciary Net Position of the Insurance Funds with the Board. There was an increase of 8.37% in insurance funds for the CERS Plans. CERS Non-hazardous had an increase of 3.48% and CERS Hazardous increased by 1.93%. Next, Ms. Adkins reviewed the Pension Funds Contribution Report comparing the data of fiscal years 2021 and 2022 for CERS Non-hazardous and CERS Hazardous. Employer contributions, member contributions, and salary data have increased for both plans. Ms. Adkins explained that this report provides a snapshot of cash flow. There is a negative cash flow in CERS Non-hazardous; however, cash flow has improved since 2021. CERS Hazardous has a positive cash flow. Unrealized gain is an area in which there was significant downturn due to the markets. The Insurance Fund Contribution Report yielded similar data, said Ms. Adkins. Employer contributions are up and insurance premiums are down due to gain share which is Humana's bonus for meeting certain criteria. Retiree usage and how well they participate in health programs etc. are contractually negotiated, therefore, if a certain target is achieved profits are shared. Gain share in fiscal year 2021 was significantly higher due to the Covid-19 pandemic and has now returned to a more normal figure. Ms. Adkins stated that inflows are up, outflows are flat, and that cash flow in insurance is positive. CERS Non-hazardous is up for the period 3.48% and CERS Hazardous is up 1.93%. Mr. Eager stated that about five or six years ago, the combined CERS and KERS net cash flow was negative over 700 million dollars. He added that this was a serious issue that has since been resolved and stabilized but wanted to provide this background information for newer Trustees. Lastly, Ms. Adkins reviewed the KPPA Administrative Budget for Fiscal Year 2021-2022. She stated that 38.6% is remaining in the KPPA Administrative Budget, however, few items may go over budget. Ms. Adkins stated that Salaries may be over budget due to an additional payroll in FY2022, Legal (Ice Miller) is over budget due to the Seven Counties litigation, and Auditing is also over budget due to Blue & Co., LLC, being new to KPPA and the changes brought about by the passage of HB 8. Additionally, Medical Reviewers are also over budget due to the number of cases, Natural Gas due to the rising costs of natural gas, and Office Supplies due to an underestimation on the budget. Mr. Eager elaborated on the overage on the Medical Reviewer line item. He stated that despite being over budget, we are running under the contracted amount. Ms. Adkins stated that legal contracts are often under budgeted due to potential unforeseen litigation.

Travel Expenses are also over budget due to an underestimation. The budgeted amount was calculated based on FY 2021 data which gave a low figure due to a lack of travel during the Covid-19 pandemic. Ms. Adkins also pointed out to the Board the breakdown of percentages and how expenses are to be split among CERS Non-hazardous (59.5%), CERS Hazardous (5.29%). The KPPA Board met and decided on a hybrid percentage and CERS decided to use membership to split the CERS amount among Hazardous and Nonhazardous. The new percentages will be 57.58% for CERS Non-hazardous and 5.1% for CERS Hazardous. Accounting was unable to make these changes until KRS made decisions on their percentages. Those percentages were received recently and the adjustments will be made next quarter to reflect the new percentages. These percentages are to be effective July 1, 2022. Further, Ms. Adkins stated that a working group was established and has been tasked with reviewing the definition of separation expenses. Under HB 484 from 2020 and HB 9 from 2021 the initial and ongoing expenses for the first three years must be paid by CERS. The KPPA Board will define these expenses in an upcoming meeting, but the CERS Board of Trustees will also make a recommendation on this matter. Ms. Pendergrass asked Ms. Adkins about adding a column to the budget reports which would show the current and previous year actual costs. Ms. Adkins replied and stated that the recommendation is to present administrative expenses as a whole and then provide a table of expenses paid by CERS at the end to provide a better comparison year over year and a complete picture of the administrative expenses. Mr. Eager asked Ms. Adkins if she was going to incorporate the suggestion of Ms. Pendergrass to include a comparison of the current year and previous year actuals. Ms. Adkins explained that the suggested columns were on the budget report, however, they were removed to allow space for the percentage breakdown of the CERS expenses and for legibility. Further, she stated that those columns will be removed and replaced with actual data. Ms. Pendergrass stated that a comparison of the current and previous year actuals is much more valuable than a split of hazardous and non-hazardous expenses. She also stated that the middle table which splits just the totals is enough and if more detail is needed, it may be added to that table to allow space for the actual comparison to be re-added. Ms. Adkins agreed to make those adjustments to the budget formatting. Ms. Adkins reviewed the Outstanding Invoices by Employer Type and Penalty Waivers with the Board. Ms. Adkins stated that there is currently about 3.8 million dollars in outstanding invoices as of March 31, 2022. There were 34 penalties waived, 23 created, and 34 paid. Dr. Milkman asked what these penalties are for. Ms. Adkins explained that employers must report their employee detail and earnings once a month by the 10th of the month. If this information is not submitted on time, a penalty is issued. These penalties are calculated based on a percentage

of the payroll. Further Ms. Adkins explained that the KPPA Director of Accounting, Connie Davis, reviews the reasons that an employer may have not submitted on time and makes the decision whether or not a penalty will be issued.

Ms. Pendergrass introduced agenda item *Investment Committee Report*. Dr. Hackbart stated that a meeting of the Investment Committee was held on February 16, 2022 and the Committee unanimously approved to add the pooling language to the Investment Policy Statement (IPS). Now, the Committee is seeking the ratification of the CERS Board of Trustees. Dr. Hackbart made a motion to ratify the action of the Investment Committee in amending the Investment Policy Statement to add the pooling language. The motion was seconded by Dr. Milkman. The motion passed unanimously. Mr. Steve Willer presented the CERS Quarterly Investment Report beginning with the April and May (yet to be finalized) KPPA Monthly Performance Update. He stated that there were no material changes in the March, April, or May allocations as there was an underweight relative to the IPS targets. Public equities are a little over 4% across plans and real returns are at about 9% across plans. Overweights included specialty credits, core fixed income, and cash. Mr. Willer stated that Investment Staff, along with Wilshire, are working to develop a strategic allocation plan that will include an implementation roadmap and timeline. The goal of this plan is to establish where we intend to move, where we are currently in relation to targets, and how to reach our targets. Further, Mr. Willer stated that it is important to have similarly managed risk across all plans and is working to achieve that allocation alignment. In an effort to reach IPS targets, a commodity search is being conducted in coordination with Wilshire. A real estate search will also be conducted in the near future after further review of past data and information. Mr. Willer is also in the early stages of looking into co-investment opportunities and anticipates the Strategic Allocation Plan to be completed and ready for presentation in the coming weeks. Mr. Willer reviewed equities with the Board. He stated that the plans performed well in April despite a difficult month. The CERS Non-hazardous outperformed by 108 basis points producing a negative 3.81%. CERS Hazardous outperformed by 105 basis points yielding a return of negative 3.84%. Overall, 115 basis points across pensions. All asset classes either outperformed or are in line with their respective benchmarks. Mr. Willer stated that May was a volatile month, however performance for the month of May was good given the market and all plans outperformed by about 21 basis points with a total performance positive of 11 basis points. Mr. Willer stated that June was also a volatile month, however, he expects a similar result to that of April. He explained that fiscal year returns are likely to be modestly negative but targets and benchmarks should be

surpassed. Ms. Pendergrass said she is happy to hear about the progress on the Strategic Allocation Plan and stated that Mr. Willer provided a great overview. Further, these reports excite Ms. Pendergrass and provide a great deal of valuable information. Mr. Cheatham asked Mr. Willer if he has a timeline for reaching the asset allocation targets. Mr. Willer replied and stated that the Strategic Allocation Plan will include that timeline information and specific steps that will be taken to reach the targets. Dr. Milkman asked if the CERS Board should just be looking at the CERS plans and not be coordinating with other plans. Mr. Willer stated that the goal is to have similar allocations in plans with similar risk profiles. Dr. Hackbart asked if the plan will include only a strategy or actual actions that will be taken to hit targets. Mr. Willer stated that he believes that they should be actionable items. Some will be more specific than others, he stated. Mr. Craig Morton of Wilshire presented the informational Capital Market Update to the CERS Board of Trustees. Mr. Morton reviewed economic growth, unemployment and inflation trends, the U.S. equity market, consumer activity, non-U.S. equity market, U.S. fixed income, and real assets with the Board. Mr. David Lindberg of Wilshire presented on asset allocation compliance, total fund attribution, and plan sponsor peer group analysis for period ending March 31, 2022. Dr. Milkman asked why the asset allocation is negative if about half of the portfolio are the public equity. Mr. Lindberg stated that the public equity combined on average throughout the quarter was underweight the policy by 3.4%. Equities were more negative relative to other things in the portfolio, therefore, the underweight became a positive. Mr. Lindberg further explained that this was not an intentional underweight, but a result of the position of the portfolio. Dr. Milkman revised his question and asked why public equity does not have a higher value added compared to the rest. Further, Mr. Lindberg explained that while public equity portion is about half of the total fund allocation and that small difference of about 3% only contributed about ten basis points to return relative to everything else. Mr. Chris Tessman of Wilshire added that this is a comparison of weights that the CERS plans were invested versus their policy benchmark. Since public equity is underweight and an underperforming asset, that is actually a positive attribution. Lastly, Mr. Cheatham asked that Mr. Lindberg review the one-year performance for the Total Fund Attribution for the year ending March 31, 2022.

Ms. Pendergrass introduced agenda item *Personnel Committee*. Ms. Pendergrass stated that the first sentence of the memorandum for this item incorrectly states that it was a meeting of the County Employees Retirement System (CERS), however, it was a Special Meeting of the Ad Hoc Personnel Committee. Mr. Fulkerson stated that the next meeting of the Ad Hoc Personnel

Committee will be held on June 22, 2022 and summarized the discussions held at the CERS Personnel Committee Special Meeting on June 7, 2022. He stated that the Committee elected Jim Tony Fulkerson as Chair and Mike Foster as Vice-Chair. There was discussion on how to amend the current bylaws to add a new standing committee. Mr. Foster suggested that the Personnel Committee make a recommendation to the Board at the June 14, 2022 CERS Board of Trustees Meeting. Policies and procedures for staff evaluations were also discussed. Ms. Rankin displayed the document entitled Board of Trustees Statement of Bylaws and Committee Organization as amended September 14, 2021. Ms. Pendergrass asked for clarification regarding the required experience and credentials of the Committee Members of the Personnel Committee. She stated that when selecting Trustees to join this Committee, Ms. Pendergrass selected Mr. Fulkerson and Mr. Cheatham due to their experience as former managers in local government. Mr. Foster was selected due to his experience and legal knowledge. Ms. Pendergrass recommended that the Trustees in the Committee be appointed by the Chair based on their skills and experience. Mr. Fulkerson, Mr. Foster, and Mr. Cheatham agreed with that recommendation. Ms. Pendergrass stated that she would entertain a motion to approve the bylaw proposal with the revision amendment of the bylaw with changes to Members of the Committee. Mr. Fulkerson made a motion to approve the bylaw proposal as revised. The motion was seconded by Mr. Foster. The motion passed unanimously.

Ms. Pendergrass introduced agenda item *Joint Audit Committee Report*. Mr. O'Mara stated that the Joint Audit Committee met on May 24, 2022 and discussed the GASB 68 and GASB 75 Proportionate Share Audits. Ms. Pendergrass further stated that this is a special purpose audit which does not look at a financial statement, but a schedule of amounts that are allocated from the total amount. GASB 68 is having to do with the pension side and GASB 75 is the health insurance side. This is a second audit that is completed each year to provide individual information for each employer participating in the plan globally. GRS assists in the preparation these schedules and these schedules are essential to external auditors of the local employers in order for their own financial statements to be generated. Ms. Pendergrass directed the Board to their Board Books for additional detail and reference material regarding this item. Lastly, Ms. Pendergrass stated that the Joint Audit Committee reviewed the full audit report and Blue & Co., LLC. provided an overall audit opinion. Ms. Pendergrass made a motion to approve the Proportionate Share Audits for fiscal year ending June 30, 2022. The motion was seconded by Mr. Fulkerson. The motion passed unanimously. Mr. O'Mara asked Ms. Kristen Coffey to review the Updates to the Charter for the

Joint Audit Committee and the Charter for the Division of Internal Audit Administration. Ms. Coffey stated that the Joint Audit Committee reviewed the small changes to these documents on May 24, 2022 and were unanimously approved by all Committee Members in attendance. She stated that the Committee is requesting ratification of that decision. This item will also be taken to the KPPA Board for consideration. Mr. O'Mara made a motion to ratify the actions taken by the Joint Audit Committee as set forth in the Board materials and was seconded by Dr. Milkman. The motion passed unanimously. Ms. Coffey also stated that the Audit portion of the CERS Strategic Plan will be discussed at the August 25, 2022 meeting. Financial statements, information disclosures, and anonymous tips were reviewed with the Committee. The Plan Liquidity Phase 1 Audit did have a few reportable findings which are being addressed by management and will be further reviewed and discussed after the August meeting.

Ms. Pendergrass introduced agenda item *Joint Retiree Healthcare Committee Report*. Mr. Powell stated that the last Joint Retiree Healthcare Committee meeting was held on May 19, 2022. Dr. Crystal Miller was elected as Vice-Chair of the Committee. Jane Gilbert, Director of Retiree Healthcare from the Teachers' Retirement Systems- Kentucky gave an informational presentation on the Pharmacogenomics Program. Mr. Powell stated that he was very excited by the program and believes that it aligns with the goal of the Committee to improve the health of members. He further stated that the program allows members to find the most effective treatment and medication using the member's own DNA. The cost was about \$400 per member. Additionally, Mr. Powell stated that the timeline for the Medicare Advantage Request for Proposal (RFP) was presented to the Committee and was on schedule as of the meeting date. Ms. Connie Pettyjohn stated that Tracey Garrison of Humana would present information on the Plan Performance for 2021. She stated that there was a review of utilization and cost patterns in 2021 by plan. The Premium Plan and Essential Plan were reviewed. The Premium Plan did see a net paid per member per month overall increase of 6.7%. Ms. Garrison believed that this increase was related to the ending of the Covid-19 pandemic. However, there was a 6.7% decrease in medical admits. Prescriptions had also decreased per member per month by about 2.1%. Large cost claimants were relatively steady in 2021 at 1.9% of the overall cost. The Essential Plan, which has the same medical benefit but less benefit on the pharmacy side, had an overall 8.8% increase in the per member per month cost and a 10.5% decrease in medical admits. A 1.8% decrease in prescription medications was also seen in 2021. Ms. Pettyjohn added that the Medicare Advantage Request for Proposal (RFP) bid is an open procurement and an award announcement will be made once finalized.



Ms. Pendergrass introduced agenda item *Administrative*. Ms. Pendergrass presented on *Strategic Planning* and *2023 Meeting Calendar*. She stated that there are discussions being had regarding the Strategic Plan. The Committees are reviewing their individual sections in detail and more information will be available in September 2022. Ms. Pendergrass compiled a proposed 2023 Meeting Calendar for all Board and Committee Meetings. She organized the Committee Meetings to be scheduled prior to Board Meetings with enough time for Committee summaries to be prepared and included in the Board Books. Ms. Pendergrass scheduled the Investment Committee Meetings late in each quarter to ensure that all performance and compliance reports would be available. Ms. Pendergrass asked Mr. Powell and Ms. Pettyjohn for their input on the scheduling of the September Joint Retiree Health Plan Committee. It was decided to tentatively leave the meeting as scheduled by Ms. Pendergrass for September 5, 2022. Ms. Pendergrass stated that she would entertain a motion to approve the 2023 Meeting Calendar as presented. Mr. Fulkerson made a motion to approve the 2023 Meeting Calendar as presented and was seconded by Mr. O'Mara. The motion passed unanimously.

Ms. Rebecca Adkins presented on the *PPW Annual Meeting and Election*. She stated that Perimeter Park West (PPW) is the name of the company which owns the buildings that KPPA operates from 1260 and 1270 Louisville Road. This arrangement protects the trust if there were to be litigation due to an incident. The shareholders are KERS, CERS, and the State Police and their shares are based on their initial investments. PPW elects a Board of Directors each year. This year, PPW created a ballot for the election which was sent to shareholders via the proxy, Mr. Steve Willer. Mr. Willer explained the proxy voting policy to the Board. He stated that the Board needs to determine if they would like to attend the Annual Meeting of Shareholders of PPW on June 21, 2022 and vote their shares in-person or have Mr. Willer vote on their behalf. Additionally, Mr. Willer stated that he would vote in favor of the PPW proposed slate of Directors. Mr. Powell added that the personnel of the PPW Board has not changed very much but the policies and procedures, expenditures, and revenue have changed. KPPA Staff have taken on some property management responsibilities. Rent has decreased for KPPA due to reimbursements made to KPPA for the hours of personnel time. Further, Mr. Powell stated that he believes this to be a better operation which is working well for all parties involved. Ms. Pendergrass stated that she has not considered the agreement with PPW to be an investment. She reminded the Board that PPW is not a real estate investment like the other real estate investment holdings and is owned by the pension systems. Mr. Powell stated that there may be interest in a CERS Board Member acting as a proxy in the future.

Ms. Pendergrass asked Mr. Branco of Johnson Bowman Branco, LLP if he had reviewed the bylaws. Mr. Branco stated that he will need more time to review the bylaws and the CERS investment proxy voting policy. Dr. Milkman asked how this agreement with PPW limits liability. Mr. Powell and Ms. Adkins reiterated that PPW is a separate corporation in which KERS, CERS, and the State Police own shares of that corporation. Dr. Milkman asked if PPW is a limited liability corporation and Mr. Branco stated that PPW is a c corporation, but still provides the systems with some protection. Mr. Foster stated that PPW is a for-profit corporation and has 1,000 shares of stock and asked who owns that stock. Mr. Powell stated that KERS, CERS, and the State Police own the shares. Further, Ms. Pendergrass and Mr. Powell stated that the shares were initially divided among the three systems proportionally based on membership. Ms. Adkins corrected their statement by stating that the shares were divided by who paid for the building; what percentage of the investment was made at the time of purchase. Ms. Pendergrass added that there have been adjustments to these share allocations over time. Mr. Powell stated that if the State of Kentucky owned the building, the State would determine who would occupy the space. This agreement allows KPPA to have a permanent location. Mr. Cheatham requested a brief summary of when the property was acquired, who paid, how much, and how it compares to the ownership interest. He asked that if the shares were divided based on percentage paid for the building, how the share allocation would change over time. Mr. Eager and Ms. Adkins stated that the share allocation has not changed since the initial purchase. Ms. Pendergrass expressed that she remembered meeting discussion in which the shares changed. Ms. Adkins stated that research was completed about a year ago and it was voted on, however, there was no action taken. She stated that a summary will be drafted to further explain. Ms. Pendergrass asked Mr. Branco to work with Ms. Adkins to prepare the summary and present at the September Board Meeting. Dr. Milkman made a motion to authorize Steve Willer to act as proxy for CERS in voting the Ballot set forth in the CERS proxy policy for the PPW Board of Directors. The motion was seconded by Mr. Cheatham. The motion passed unanimously.

Mr. D’Juan Surratt presented on the *Department Spotlight-ERCE*. Mr. Surratt is the Division Director of the Employer Reporting, Compliance & Education (ERCE) Division and has been working for KPPA for about 19 years. He spent 14 of those years in Membership Support as a counselor and later a Retirement Programs Manager. Mr. Surratt was promoted to Assistant Director of ERCE in April 2017 and Director in April 2018. Mr. Surratt reviewed the ERCE Organizational Chart with the Board. The division includes one Director, four Managers, one

Retirement Consultant, and 21 Counselors. One of the Counseling positions is an interim position. The division is made up of four teams; KHRIS, School Board, File/Web, and QA/Outreach. Invoice collection, error/adjustment correction, employer training, reporting compliance/compliance audit, and hazardous positions are the key responsibilities of the division. Moving forward, Mr. Surratt would like the division to focus on conducting more in-person trainings throughout the Commonwealth, increase employer compliance audits, invoice collection, identifying system and process improvements, as well as updating and improving the website and employer training videos. Ms. Pendergrass thanked Mr. Surratt for an informative look into his division.

CEO Ed Owens, III presented the *CEO Update*. Mr. Owens stated that the Kentucky Attorney General recently published an opinion on his views on Environmental, Social, and Governance (ESG) Principals and whether or not they were in line with the fiduciary responsibility that each Trustee has for the membership of the plan that they represent. The Attorney General also identified topics growing in the industry of stakeholder capitalism and stated that stakeholder capitalism was not in compliance with Kentucky law. Mr. Owens stated the Attorney General praised the IPS and CERS and of KERS because IPS external managers have to agree to become fiduciaries of the system and that the IPS does not indicate that any investment will be systematically excluded. The Attorney General discussed Black Rock. Mr. Owens stated that the current relationship with Black Rock is about a five billion exposure in the international index equity space. Mr. Owens informed the Board that Black Rock has almost ten trillion in assets under management and are a top five shareholder in the majority of companies in the S&P 500; therefore, it is difficult to not be touched by the company. Further, Mr. Owens stated that many energy rich States such as Kentucky have challenged Black Rock and others on their aggressive position relating to the environment. A bill was just filed to the Senate which would curb the voting powers of those large asset managers. In response, Black Rock stated that they plan to expand their voting choice program. This program gives each individual holder of funds the opportunity to vote one of four ways. Mr. Owens explained that the most important one is the expansion the rights of an individual investor to vote their own shares. Mr. Owens stated that he will be working with Mr. Willer to ensure that transparency is achieved in how proxies are voted in the future.

\*\*\*Dr. Milkman exited the meeting\*\*\*

Mr. David Eager presented on *KKPA Update*. Prior to beginning his update, Mr. Eager wished to compliment and express his gratitude for Ms. Sherry Rankin and her hard work to smoothly facilitate all Committee and Board Meetings. He also thanked those who provide their meeting materials in a timely manner. Mr. Eager advised that the CERS bylaws include 18 responsibilities for the CEO with nine specific to cooperating and consulting with KPPA. Six of the responsibilities are items that the CEO would naturally need to do regarding communication. Therefore, there is close communication among the three Boards. Mr. Eager holds biweekly meetings with CERS CEO Ed Owens, III and KRS CEO John Chilton which have been productive. He also stated that a Government Officials Newsletter has been distributed and includes helpful information and is located on the KPPA website. Mr. Eager stated that the newsletter currently has a 31% open rate which is higher than the national average of 19% on similar newsletters. Additionally, communication with legislators has been great and continues to be good. There will also be a Member Newsletter released by the end of the month. The CEOs are working with Communications to develop their own annual reports using a template provided by Communications. Also, the Actuarial Request for Proposals (RFP) process is almost complete pending the Finance Cabinet. The results will not be released until finalized per State law. Mr. Eager stated that after discussion regarding experience studies, it was decided to do an economic study every two years and the demographic study every four years and that they will be completed at the same time during the same year. Mr. Eager said that should GRS be the selected Actuary they would recommend that these studies begin in the spring of 2023 with June 2022 data to be used in the June 2023 valuation. The Boards would then vote in December 2023 and move onto the General Assembly in 2024. In conclusion, Mr. Eager commented that he is always available for questions or concerns. Ms. Rebecca Adkins advised the Board that June 30<sup>th</sup> marks the end of the fiscal year and the end of the biennium; therefore, most legal contracts etc. have had to be redone. Ms. Adkins and team have been working diligently in procurement on contract renewals. The last employer reports for the fiscal year are due by July 10, 2022 and there is a June 26, 2022 reporting requirement for School Boards. Ms. Adkins stated that the first weekend of August is usually when Staff is ready to process fiscal year end to prepare the census data to send to the actuaries. Mr. Cheatham mentioned that there had been past discussion regarding a system staffing benchmarking study and asked if there had been any progress. Mr. Eager replied stating that the study needs to be approved by Finance as a single source. No request for proposal would be released due to lack of competitors. Ms. Adkins stated that pending approval, the study could begin in the fall.

Ms. Pendergrass introduced agenda item *Closed Session*. Mr. Foster made a motion and was seconded by Mr. Powell enter into closed session for the purpose of litigation. The motion passed unanimously. Mr. Fulkerson and Mr. David Eager left prior to the closed session due to personal conflicts of interest.

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”.

Coming back into open session, Ms. Pendergrass stated that the Board will be taking no action as the result of the closed session discussions and opened the floor for adjournment. Mr. Powell made a motion and seconded by Mr. Foster 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, 2022 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, 2022 were approved on September 14, 2022.

\_\_\_\_\_  
Chair of the Board of Trustees

I have reviewed the Minutes of the June 14, 2022 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  
June 27, 2022 AT 2:00 P.M. ET  
VIA LIVE VIDEO TELECONFERENCE**

At the special meeting of the County Employees Retirement System Board of Trustees held on June 27, 2022 the following members were present: Betty Pendergrass (Chair), Dr. Patricia Carver, George Cheatham, JT Fulkerson, William O’Mara, Michael Foster, and Jerry Powell. Staff members present was CERS CEO Ed Owens, III, Rebecca Adkins, Erin Surratt, Connie Davis, D’Juan Surratt, Ashley Gabbard, Ann Case, Leigh Ann Davis, Glenna Frasher, and Sherry Rankin. Others present included Eric Branco with Johnson Bowman Branco, LLP.

Ms. Pendergrass called the meeting to order.

Ms. Davis read the Legal Opening Statement.

Ms. Rankin took Roll Call.

There being no *Public Comment* submitted, Ms. Pendergrass introduced agenda item *Personnel Committee – Renewal of General Counsel contract*. Mr. Fulkerson presented the item and stated that the CERS Ad Hoc Personnel Committee met on June 22, 2022 and approved the renewal of the General Counsel contract. Further, he stated that no changes have been made to the contract and the CERS Ad Hoc Personnel Committee is requesting CERS Board approval. Mr. Foster made a motion to approve the General Counsel contract with Johnson Bowman Branco, LLP. The motion was seconded by Mr. Powell and passed unanimously.

Ms. Pendergrass opened the floor for adjournment. Mr. Fulkerson made a motion and seconded by Mr. Foster to adjourn the meeting. The motion passed by unanimous consent.

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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 27, 2022 were approved on September 14, 2022.

\_\_\_\_\_  
Chair of the Board of Trustees

I have reviewed the Minutes of the June 27, 2022 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  
SEPTEMBER 1, 2022 AT 2:00 P.M. ET  
VIA LIVE VIDEO TELECONFERENCE**

At the special called meeting of the County Employees Retirement System Board of Trustees held on September 1, 2022 the following members were present: Betty Pendergrass (Chair), Dr. Patricia Carver, George Cheatham, Michael Foster, Dr. Merl Hackbart, Dr. Martin Milkman, William O'Mara, and Jerry Powell. Staff members present were CERS CEO Ed Owens, III, David Eager, Erin Surratt, Michael Board, Shaun Case, and Sherry Rankin. Others present included Ben Johnson, Joe Bowman, Eric Branco of Johnson Bowman Branco, LLP.

Ms. Pendergrass called the meeting to order.

Mr. Board read the Legal Public Statement.

Ms. Rankin took Roll Call.

There being no *Public Comment* submitted, Ms. Pendergrass introduced agenda item *Closed Session*. Mr. Foster made a motion and was seconded by Dr. Milkman to enter into closed session for the purpose of litigation. The motion passed unanimously.

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." The meeting moved into closed session.

Ms. Pendergrass called the meeting back to open session. Ms. Pendergrass stated that she would entertain a motion. Mr. Cheatham made a motion stating that the CERS Board supports KPPA's compliance with Judge Shepherd's order to release the Calcaterra investigative report. Mr. Powell

seconded the motion. The motion passed unanimously.

Ms. Pendergrass opened the floor for a motion to adjourn. Mr. Hackbart made a motion and seconded by Mr. O'Mara to adjourn the meeting. 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.

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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 September 1, 2022 were approved on September 14, 2022.

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Chair of the Board of Trustees

I have reviewed the Minutes of the September 1, 2022 Board of Trustees Meeting for content, form, and legality.

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Executive Director  
Office of Legal Services



## MEMORANDUM

**TO:** County Employees Retirement System Board of Trustees

**From:** JT Fulkerson, Vice Chair  
Finance Committee

**Date:** August 23, 2022

**Subject:** Summary of Finance Committee Regular Quarterly Meeting

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The County Employees Retirement System held a regularly scheduled quarterly meeting on August 23, 2022.

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 seventeen (17) 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.

**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 year-end financial reports consisting of:
    - a. Year-end Financial Spreadsheet
    - b. Administration Expense to Budget
    - c. Contribution Report
    - d. Outstanding Invoice Report
    - e. Penalty Waiver Report

- b. There was a brief discussion by the KPPA staff concerning the timeline for the production of the ACRF/SAFR.
- c. The Committee also heard an informational presentation from KPPA staff concerning the new Trust Budget that has been approved by the KPPA Board. Although the CERS Investment Committee will have direct oversight of the Trust Budget it was determined that the CERS Finance Committee should become aware of the component parts of the budget.

**\*Board of Trustees Action Required**



### Combining Statement of Fiduciary Net Position - Pension Funds

As of June 30, 2022, with Comparative Totals as of June 30, 2021 (\$ in Thousands)  
(Unaudited)

ASSETS	CERS		TOTAL		Percentage of Change	Notes
	Nonhazardous	Hazardous	FY 2022	FY 2021		
<b>CASH AND SHORT-TERM INVESTMENTS</b>						
Cash Deposits	\$170	\$17	\$187	\$344	(45.54)%	1
Short-term Investments	286,874	114,933	401,808	486,085	(17.34)%	2
<b>Total Cash and Short-term Investments</b>	<b>287,044</b>	<b>114,950</b>	<b>401,995</b>	<b>486,429</b>	<b>(17.36)%</b>	
<b>RECEIVABLES</b>						
Accounts Receivable	75,064	23,810	98,874	88,323	11.95%	3
Accounts Receivable - Investments	43,002	14,694	57,695	153,261	(62.35)%	4
<b>Total Receivables</b>	<b>118,066</b>	<b>38,504</b>	<b>156,570</b>	<b>241,585</b>	<b>(35.19)%</b>	
<b>INVESTMENTS, AT FAIR VALUE</b>						
Core Fixed Income	894,977	303,150	1,198,127	1,427,767	(16.08)%	5
Public Equities	3,592,281	1,224,633	4,816,913	5,374,084	(10.37)%	6
Private Equities	753,384	251,589	1,004,973	948,499	5.95%	
Specialty Credit	1,692,750	574,069	2,266,819	1,906,670	18.89%	7
Derivatives	(1,091)	(373)	(1,464)	(156)	841.05%	8
Real Return	244,801	80,777	325,577	740,646	(56.04)%	9
Opportunistic	-	-	-	307,267	(100.00)%	10
Real Estate	494,607	157,478	652,085	455,127	43.28%	11
<b>Total Investments, at Fair Value</b>	<b>7,671,709</b>	<b>2,591,322</b>	<b>10,263,030</b>	<b>11,159,905</b>	<b>(8.04)%</b>	
Securities Lending Collateral Invested	208,156	70,856	279,011	310,117	(10.03)%	12
<b>CAPITAL/INTANGIBLE ASSETS</b>						
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	(9,794)	(823)	(10,617)	(10,431)	1.78%	
<b>Total Capital Assets</b>	<b>167</b>	<b>4</b>	<b>171</b>	<b>357</b>	<b>(52.18)%</b>	
<b>Total Assets</b>	<b>8,285,141</b>	<b>2,815,635</b>	<b>11,100,777</b>	<b>12,198,392</b>	<b>(9.00)%</b>	
<b>LIABILITIES</b>						
Accounts Payable	4,156	811	4,967	9,796	(49.30)%	13
Investment Accounts Payable	52,888	17,847	70,735	273,391	(74.13)%	14
Securities Lending Collateral	208,156	70,856	279,011	310,117	(10.03)%	15
<b>Total Liabilities</b>	<b>265,200</b>	<b>89,513</b>	<b>354,713</b>	<b>593,304</b>	<b>(40.21)%</b>	
<b>Total Fiduciary Net Position Restricted for Pension Benefits</b>	<b>\$8,019,942</b>	<b>\$2,726,122</b>	<b>\$10,746,064</b>	<b>\$11,605,088</b>	<b>(7.40)%</b>	

**NOTE - Variance Explanation** **Differences due to rounding**

- 1) Variance is a result of continuous fluctuation of deposits and transactions that flow through the cash account.
- 2) Short Term Investments are primarily comprised of the cash on hand at the custodial bank. The variance is driven by the demands of each system.
- 3) The increase in Accounts Receivable is due to an increase in the month-end employer contributions accrual (increase in covered payroll and contribution rates).
- 4) The variance in Investment Accounts Receivable is due to pending trades.
- 5) The decrease in Core Fixed Income is due to a rebalance of the portfolio as a result of the revised IPS and a decline in market value of the assets due to the unfavorable market conditions.
- 6) The decrease in Public Equities is due to the decline in the market values of the assets due to unfavorable market conditions.
- 7) The increase in Specialty Credit is due to the merging of the Specialty Credit asset class and the Opportunistic asset class.
- 8) Variance is a result of hedging and arbitration of risk within the portfolios.
- 9) The decrease in Real Return is a result of the redemption of Putnam and continued liquidation of hedge funds.
- 10) The decrease in Opportunistic is due to the merging of the Opportunistic asset class with the Specialty Credit asset class.
- 11) The increase in Real Estate is due to additional funding and increasing market values for current managers.
- 12) Variance is a result of the demands of the Securities Lending Program.
- 13) The variance in Accounts Payable is due to a decrease in outstanding employer credit invoices.
- 14) The variance in Investment Accounts Payable is due to pending trades.
- 15) Variance is a result of the demands of the Securities Lending Program.



### Combining Statement of Changes In Fiduciary Net Position - Pension Funds

For the twelve month period ending June 30, 2022, with Comparative Totals for the twelve month period June 30, 2021 (\$ in Thousands) (Unaudited)

	CERS		Total		Percentage of Change	Notes
	Nonhazardous	Hazardous	FY 2022	FY 2021		
<b>ADDITIONS</b>						
Member Contributions	\$186,648	\$69,565	\$256,212	\$228,065	12.34%	1
Employer Contributions	561,214	210,370	771,584	644,285	19.76%	2
Pension Spiking Contributions	35	60	95	149	(35.97)%	3
Health Insurance Contributions (HB1)	(60)	(104)	(164)	1	(20444.28)%	4
Employer Cessation Contributions	-	-	-	-		
<b>Total Contributions</b>	<b>747,837</b>	<b>279,891</b>	<b>1,027,728</b>	<b>872,499</b>	<b>17.79%</b>	
<b>INVESTMENT INCOME</b>						
From Investing Activities						
Net Appreciation (Depreciation) in FV of Investments						
	(637,765)	(224,086)	(861,851)	2,203,401	(139.11)%	5
Interest/Dividends	242,796	82,117	324,913	291,467	11.48%	6
Total Investing Activities Income	(394,969)	(141,969)	(536,938)	2,494,868		
Less: Investment Expense	45,455	14,044	59,499	48,352	23.05%	7
Less: Performance Fees	58,431	18,972	77,403	62,584	23.68%	8
Net Income from Investing Activities	(498,854)	(174,985)	(673,840)	2,383,931		
From Securities Lending Activities						
Securities Lending Income	892	308	1,199	688		
Less: Securities Lending Borrower Rebates (Income)/Expense	(298)	(100)	(398)	(525)		
Less: Securities Lending Agent Fees	178	61	239	182		
Net Income from Securities Lending	1,011	346	1,357	1,030	31.74%	9
<b>Net Investment Income</b>	<b>(497,843)</b>	<b>(174,639)</b>	<b>(672,482)</b>	<b>2,384,962</b>	<b>(128.20)%</b>	
<b>Total Additions</b>	<b>249,994</b>	<b>105,252</b>	<b>355,246</b>	<b>3,257,461</b>	<b>(89.09)%</b>	
<b>DEDUCTIONS</b>						
Benefit Payments	858,261	305,789	1,164,050	1,116,749	4.24%	
Refunds	19,789	5,766	25,555	18,524	37.96%	10
Administrative Expenses	22,670	1,995	24,666	23,677	4.17%	
<b>Total Deductions</b>	<b>900,720</b>	<b>313,551</b>	<b>1,214,271</b>	<b>1,158,950</b>	<b>4.77%</b>	
Net Increase (Decrease) in Fiduciary Net Position Restricted for Pension Benefits						
	(650,726)	(208,299)	(859,025)	2,098,511		
<b>Total Fiduciary Net Position Restricted for Pension Benefits</b>						
<b>Beginning of Period</b>	<b>8,670,667</b>	<b>2,934,421</b>	<b>11,605,088</b>	<b>9,506,578</b>	<b>22.07%</b>	
<b>End of Period</b>	<b>\$8,019,942</b>	<b>\$2,726,122</b>	<b>\$10,746,064</b>	<b>\$11,605,088</b>	<b>(7.40)%</b>	

**NOTE - Variance Explanation** *Differences due to rounding*

- 1) Member Contributions increased due to an increase in covered payroll.
- 2) Employer Contributions increased due to an increase in covered payroll as well as an increase in the Employer Contribution rates.
- 3) Pension Spiking contributions decreased due to a change in statute. Pension spiking is now the member's responsibility.
- 4) 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.
- 5) The decrease in Net Appreciation in Fair Value of Investments is due to unfavorable market conditions resulting in unrealized losses primarily within the public equity asset class.
- 6) The increase in Interest/Dividends is a result of the increased allocation to Public Equities and Fixed Income asset classes.
- 7) The increase in Investment Expense is a result of increased market values primarily in the Private Equity, Specialty Credit and Real Estate asset classes which have higher fees.
- 8) The increase in Performance fees is due to an increase in realized gains in Private Equity and Real Estate.
- 9) Variance is a result of the demand of the Securities Lending Program.
- 10) The increase in Refunds was due to an increase in refunds taken by CERS and CERH members who terminated employment and were not eligible for a retirement benefit.



### Combining Statement of Fiduciary Net Position - Insurance Funds

As of June 30, 2022, with Comparative Totals as of June 30, 2021 (\$ in Thousands)  
(Unaudited)

ASSETS	CERS		TOTAL		Percentage of Change	Notes
	Nonhazardous	Hazardous	FY 2022	FY 2021		
<b>CASH AND SHORT-TERM INVESTMENTS</b>						
Cash Deposits	\$101	\$19	\$120	\$168	(28.65)%	1
Short-term Investments	144,399	46,793	191,192	267,177	(28.44)%	2
<b>Total Cash and Short-term Investments</b>	<b>144,499</b>	<b>46,812</b>	<b>191,312</b>	<b>267,345</b>	<b>(28.44)%</b>	
<b>RECEIVABLES</b>						
Accounts Receivable	19,338	6,289	25,627	20,381	25.74%	3
Investment Accounts Receivable	15,241	7,491	22,732	57,919	(60.75)%	4
<b>Total Receivables</b>	<b>34,579</b>	<b>13,779</b>	<b>48,358</b>	<b>78,300</b>	<b>(38.24)%</b>	
<b>INVESTMENTS, AT FAIR VALUE</b>						
Core Fixed Income	334,374	168,783	503,157	579,641	(13.20)%	5
Public Equities	1,354,736	672,979	2,027,716	2,083,252	(2.67)%	
Specialty Credit	292,493	164,729	457,223	437,487	4.51%	
Private Equities	637,910	324,019	961,929	791,795	21.49%	6
Derivatives	(390)	(185)	(575)	25	(2,427.70)%	7
Real Return	74,169	39,857	114,026	289,720	(60.64)%	8
Opportunistic	-	-	-	144,041	(100.00)%	9
Real Estate	171,044	93,762	264,807	183,341	44.43%	10
<b>Total Investments, at Fair Value</b>	<b>2,864,337</b>	<b>1,463,945</b>	<b>4,328,282</b>	<b>4,509,303</b>	<b>(4.01)%</b>	
Securities Lending Collateral Invested	66,459	33,425	99,884	120,430	(17.06)%	11
<b>Total Assets</b>	<b>3,109,875</b>	<b>1,557,962</b>	<b>4,667,836</b>	<b>4,975,378</b>	<b>(6.18)%</b>	
<b>LIABILITIES</b>						
Accounts Payable	154	56	211	372	(43.36)%	12
Investment Accounts Payable	19,633	9,698	29,331	104,979	(72.06)%	13
Securities Lending Collateral	66,459	33,425	99,884	120,430	(17.06)%	14
<b>Total Liabilities</b>	<b>86,246</b>	<b>43,179</b>	<b>129,425</b>	<b>225,781</b>	<b>(42.68)%</b>	
<b>Total Fiduciary Net Position Restricted for OPEB</b>	<b>\$3,023,628</b>	<b>\$1,514,783</b>	<b>\$4,538,411</b>	<b>\$4,749,597</b>	<b>(4.45)%</b>	

**NOTE - Variance Explanation** **Differences due to rounding**

- 1) Variance is a result of continuous fluctuation of deposits and transactions that flow through the cash account.
- 2) Short Term Investments are primarily comprised of the cash on hand at the custodial bank the variance is driven by the demands of each system.
- 3) The increase in Accounts Receivable is due to an increase in the month-end employer contributions accrual (increase in covered payroll and contribution rates).
- 4) The variance in Investment Accounts Receivable is due to pending trades.
- 5) The decrease in Core Fixed Income is due to a rebalance of the portfolio as a result of the revised IPS and a decline in market value of the assets due to the unfavorable market conditions.
- 6) The increase in Private Equity is a result of the funding of 3 new managers, additional funding of current managers, and increasing market values of current investments.
- 7) Variance is a result of hedging and arbitration of risk within the portfolios.
- 8) The decrease in Real Return is a result of the redemption of Putnam and continued liquidation of hedge funds.
- 9) The decrease in Opportunistic is a result of the merging of the Opportunistic asset class with the Specialty Credit asset class.
- 10) The increase in Real Estate is due to additional funding and increasing market values for current managers.
- 11) Variance is a result of the demands of the Securities Lending Program.
- 12) The decrease in Accounts Payable is due to a decline in outstanding credit employer invoices.
- 13) The variance in Investment Accounts Payable is due to pending trades.
- 14) 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, 2022, with Comparative Totals for twelve month period ending June 30, 2021 (\$ In Thousands) (Unaudited)

	CERS		TOTAL		Percentage of Change	Notes
	Nonhazardous	Hazardous	FY 2022	FY 2021		
<b>ADDITIONS</b>						
Employer Contributions	\$164,108	\$69,973	\$234,080	\$183,149	27.81%	1
Medicare Drug Reimbursement	1	-	1	3	(56.33)%	2
Insurance Premiums	534	(271)	263	406	(35.31)%	3
Humana Gain Share Payment	8,912	1,259	10,171	23,666	(57.02)%	4
Retired Re-employed Healthcare	4,816	1,530	6,346	6,553	(3.17)%	
Health Insurance Contributions (HB1)	15,985	3,758	19,743	16,710	18.15%	5
Employer Cessation Contributions	-	-	-	-		
<b>Total Contributions</b>	<b>194,356</b>	<b>76,248</b>	<b>270,603</b>	<b>230,487</b>	<b>17.41%</b>	
<b>INVESTMENT INCOME</b>						
From Investing Activities						
Net Appreciation (Depreciation) in FV of Investments	(222,333)	(103,270)	(325,603)	881,117	(136.95)%	6
Interest/Dividends	85,850	44,489	130,340	111,552	16.84%	7
Total Investing Activities Income	(136,482)	(58,781)	(195,264)	992,669		
Less: Investment Expense	15,664	8,279	23,943	21,291	12.46%	8
Less: Performance Fees	22,044	12,355	34,399	29,373	17.11%	9
Net Income from Investing Activities	(174,190)	(79,415)	(253,605)	942,005		
From Securities Lending Activities						
Securities Lending Income	312	154	466	273		
Less: Securities Lending Borrower Rebates (Income)/Expense	(85)	(46)	(131)	(203)		
Less: Securities Lending Agent Fees	60	30	89	71		
Net Income from Securities Lending	338	170	508	405	25.41%	10
<b>Net Investment Income</b>	<b>(173,852)</b>	<b>(79,245)</b>	<b>(253,098)</b>	<b>942,410</b>	<b>(126.86)%</b>	
<b>Total Additions</b>	<b>20,503</b>	<b>(2,998)</b>	<b>17,506</b>	<b>1,172,897</b>	<b>(98.51)%</b>	
Healthcare Premiums Subsidies	134,427	89,320	223,747	221,415	1.05%	
Administrative Expenses	933	502	1,435	1,349	6.31%	
Self-Funded Healthcare Costs	3,288	210	3,498	3,719	(5.95)%	
Excise Tax Insurance	12	-	12	-		
<b>Total Deductions</b>	<b>138,661</b>	<b>90,031</b>	<b>228,692</b>	<b>226,483</b>	<b>0.98%</b>	
Net Increase (Decrease) in Fiduciary Net Position Restricted for OPEB	(118,158)	(93,028)	(211,186)	946,414		
<b>Total Fiduciary Net Position Restricted for OPEB</b>						
<b>Beginning of Period</b>	<b>3,141,786</b>	<b>1,607,811</b>	<b>4,749,597</b>	<b>3,803,183</b>	<b>24.88%</b>	
<b>End of Period</b>	<b>\$3,023,628</b>	<b>\$1,514,783</b>	<b>\$4,538,411</b>	<b>\$4,749,597</b>	<b>(4.45)%</b>	

**NOTE - Variance Explanation** *Differences due to rounding*

- 1) Employer Contributions increased due to an increase in covered payroll as well as an increase in the Employer Contribution rates.
- 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) Humana Gain Share payments will fluctuate based on timing and actual claims paid.
- 5) Health Insurance Contributions will continue to rise as Tier 3 members increase.
- 6) The decrease in Net Appreciation in Fair Value of Investments is due to unfavorable market conditions resulting in unrealized losses primarily within the Public Equity asset class.
- 7) The increase in Interest/Dividends is a result of the increased allocation to Public Equities and Fixed Income asset classes.
- 8) The increase in Investment Expense is a result of increased market values primarily in the Private Equity, Specialty Credit and Real Estate asset classes which have higher fees associated.
- 9) The increase in Performance fees is due to an increase in realized gains in Private Equity and Real Estate.
- 10) Variance is a result of the demand of the Securities Lending Program.

**Pension Funds Contribution Report**

For the twelve month period ending June 30, 2022, with Comparative Totals for the twelve month period ending June 30, 2021 (\$ in Millions)



	<b>County Employees Retirement System</b>			
	<b>Nonhazardous</b>		<b>Hazardous</b>	
	<b>FY22</b>	<b>FY21</b>	<b>FY22</b>	<b>FY21</b>
Member Contributions	\$186.6	\$165.7	\$69.6	\$62.4
Employer Contributions	561.2	472.2	210.4	172.2
Net Investment Income	139.9	135.7	49.4	45.8
<b>Total Inflows</b>	<b>887.7</b>	<b>773.6</b>	<b>329.4</b>	<b>280.4</b>
Benefit Payments/Refunds	878.0	840.6	311.6	294.7
Administrative Expenses	22.7	21.7	2.0	1.9
<b>Total Outflows</b>	<b>900.7</b>	<b>862.3</b>	<b>313.6</b>	<b>296.6</b>
<b>NET CONTRIBUTIONS</b>	<b>(13.0)</b>	<b>(88.7)</b>	<b>15.8</b>	<b>(16.2)</b>
Realized Gain/(Loss)	374.1	316.8	126.0	107.0
Unrealized Gain/(Loss)	(1,011.8)	1,331.7	(350.1)	447.9
<b>Change in Net Position</b>	<b>(650.7)</b>	<b>1,559.8</b>	<b>(208.3)</b>	<b>538.7</b>
<b>Beginning of Period</b>	<b>8,670.7</b>	<b>7,110.9</b>	<b>2,934.4</b>	<b>2,395.7</b>
<b>End of Period</b>	<b>\$8,020.0</b>	<b>\$8,670.7</b>	<b>\$2,726.1</b>	<b>\$2,934.4</b>

*Differences due to rounding.*

**Insurance Fund Contribution Report**

For the twelve month period ending June 30, 2022, with Comparative Totals for the twelve month period ending June 30, 2021 (\$ in Millions)


**County Employees Retirement System**  
**Nonhazardous**                      **Hazardous**

	<b>FY22</b>	<b>FY21</b>	<b>FY22</b>	<b>FY21</b>
Employer Contributions	\$164.1	\$124.7	\$70.0	\$58.5
Insurance Premiums	0.5	0.5	(0.3)	(0.2)
Humana Gain Share	8.9	20.7	1.3	3.0
Retired Reemployed Healthcare	4.8	5.2	1.5	1.4
Health Insurance Contributions	15.9	13.6	3.7	3.1
Net Investment Income	48.5	41.0	24.0	20.3
<b>Total Inflows</b>	<b>242.7</b>	<b>205.7</b>	<b>100.2</b>	<b>86.1</b>
Healthcare Premiums	137.7	139.7	89.5	85.4
Administrative Expenses	0.9	0.9	0.5	0.5
<b>Total Outflows</b>	<b>138.6</b>	<b>140.6</b>	<b>90.0</b>	<b>85.9</b>
<b>NET Contributions</b>	<b>104.1</b>	<b>65.1</b>	<b>10.2</b>	<b>0.2</b>
Realized Gain/(Loss)	138.0	109.4	74.1	57.0
Unrealized Gain/(Loss)	(360.3)	469.2	(177.4)	245.5
<b>Change in Net Position</b>	<b>(118.1)</b>	<b>643.7</b>	<b>(93.1)</b>	<b>302.7</b>
<b>Beginning of Period</b>	<b>3,141.8</b>	<b>2,498.1</b>	<b>1,607.8</b>	<b>1,305.1</b>
<b>End of Period</b>	<b>\$3,023.6</b>	<b>\$3,141.8</b>	<b>\$1,514.7</b>	<b>\$1,607.8</b>

*Differences due to rounding.*

KPPA ADMINISTRATIVE BUDGET FY 2021-2022 BUDGET-TO-ACTUAL ANALYSIS						
FOR THE TWELVE MONTH PERIOD ENDING JUNE 30, 2022, WITH COMPARATIVE TOTALS FOR THE TWELVE MONTH PERIOD ENDING JUNE 30, 2021						
Account Name	Budgeted	FY 2022 Expense	Remaining	Percent Remaining	FY 2021 Expense	Percent Difference
<b>PERSONNEL</b>						
<b>Staff</b>						
Salaries/Wages	\$16,900,000	\$15,628,481	\$1,271,519	7.52%	\$14,349,829	8.91%
Wages (Overtime)	342,000	174,159	167,841	49.08%	76,317	128.20%
Fringe Benefits	-	2,779	(2,779)	0.00%	-	100.00%
Emp Paid Retirement	14,478,107	12,421,914	2,056,194	14.20%	11,566,766	7.39%
Emp Paid Health Ins	2,500,000	2,455,352	44,648	1.23%	2,189,835	12.12%
Emp Paid Sick Leave	115,650	86,032	29,618	25.61%	13,786	524.05%
Adoption Assistance Benefit	-	7,000	(7,000)	0.00%	-	100.00%
Workers Compensation	77,100	75,163	1,937	2.51%	75,163	0.00%
Unemployment	3,600	-	3,600	100.00%	-	0.00%
Other Personnel	1,130,250	1,116,296	13,954	1.23%	1,027,167	8.68%
Employee Training	18,400	9,685	8,715	47.36%	9,685	0.00%
Bonds	-	81	(81)	0.00%	-	100.00%
<b>Staff Subtotal</b>	<b>35,565,107</b>	<b>31,976,942</b>	<b>3,588,166</b>	<b>10.10%</b>	<b>29,308,548</b>	<b>9.10%</b>
<b>LEGAL &amp; AUDITING SERVICES</b>						
Legal Hearing Officers	84,600	117,998	(33,398)	(39.48)%	77,000	53.24%
Legal (Stoll, Keenon)	180,000	88,189	91,811	51.01%	145,595	(39.43)%
Frost Brown (Tax Advisor)	173,000	40,458	132,542	76.61%	226,388	(82.13)%
Reinhart	24,000	29,878	(5,878)	(24.49)%	-	-
Ice Miller	336,000	701,266	(365,266)	(108.71)%	304,712	130.14%
Johnson, Bowman, Branco LLC	150,000	95,428	54,573	36.38%	-	100.00%
Dentons Bingham & Greenebaum	150,000	52,661	97,339	64.89%	-	0.00%
Legal Expense	12,000	138	11,862	98.85%	202	(31.68)%
Auditing	118,350	141,883	(23,533)	(19.88)%	72,047	96.93%
<b>CONSULTING SERVICES</b>						
Medical Reviewers	1,200,000	1,593,144	(393,144)	(32.76)%	316,186	403.86%
Escrow for Actuary Fees	12,000	-	12,000	100.00%	-	0.00%
<b>CONTRACTUAL SERVICES</b>						
Miscellaneous Contracts	22,750	20,124	2,626	11.54%	12,077	66.63%
Human Resources Consulting	6,600	5,794	806	12.22%	5,794	0.00%
Actuarial Services	700,000	474,411	225,589	32.23%	468,490	1.26%
Facility Security Charges	112,000	104,067	7,933	7.08%	70,222	48.20%
<b>PERSONNEL SUBTOTAL</b>	<b>\$38,846,407</b>	<b>\$35,442,380</b>	<b>\$3,404,029</b>	<b>8.91%</b>	<b>\$30,997,722</b>	<b>14.34%</b>
<b>OPERATIONAL</b>						
Natural Gas	25,200	31,229	(6,029)	(23.92)%	22,951	36.07%
Electric	138,000	105,960	32,040	23.22%	124,816	(15.11)%
Rent-NonState Building	52,000	50,643	1,357	2.61%	55,443	(8.66)%
Building Rental - PPW	1,100,000	962,097	137,903	12.54%	1,005,815	(4.35)%
Equipment Rental	-	-	-	-	7,163	(100.00)%
Copier Rental	122,587	86,605	35,982	29.35%	55,520	55.99%
Rental Carpool	4,800	3,881	919	19.15%	3,881	0.00%
Vehicle/Equip. Mainten.	1,350	249	1,101	81.56%	912	(72.70)%
Postage	610,000	376,335	233,665	38.31%	552,199	(31.85)%
Freight	600	155	445	74.13%	-	100.00%
Printing (State)	6,000	6,508	(508)	(8.46)%	4,992	30.37%
Printing (non-state)	112,500	71,162	41,338	36.74%	102,293	(30.43)%
Insurance	6,000	5,422	578	9.63%	3,802	42.61%
Garbage Collection	6,000	4,853	1,147	19.12%	5,294	(8.33)%
Conference Expense	18,250	24,816	(6,566)	(35.98)%	13,499	83.84%
Conference Exp. Investment	6,000	-	6,000	100.00%	-	0.00%
Conference Exp. Audit	1,500	2,072	(572)	(38.14)%	-	100.00%
MARS Usage	52,800	27,100	25,700	48.67%	47,646	(43.12)%
COVID-19 Expenses	168,000	12,686	155,314	92.45%	153,032	(91.71)%
Office Supplies	42,600	82,826	(40,226)	(94.43)%	38,837	113.27%
Furniture & Office Equipment	9,600	1,825	7,775	80.99%	8,215	(77.78)%
Travel (In-State)	12,000	5,487	6,513	54.28%	1,473	272.51%
Travel (In-State) Investment	300	39	261	87.09%	-	100.00%
Travel (In-State) Audit	300	-	300	100.00%	-	0.00%

KPPA ADMINISTRATIVE BUDGET 2021-22 BUDGET-TO-ACTUAL ANALYSIS						
FOR THE TWELVE MONTH PERIOD ENDING JUNE 30, 2022, WITH COMPARATIVE TOTALS FOR THE TWELVE MONTH PERIOD ENDING JUNE 30, 2021						
Account Name	Budgeted	FY 2022 Expense	Remaining	Percent Remaining	FY 2021 Expense	Percent Difference
Travel (Out of State)	6,000	1,755	4,245	70.75%	397	0,342.07%
Travel (Out of State) Investment	38,700	7,393	31,307	80.90%	397	1,762.22%
Travel (Out of State) Audit	450	-	450	100.00%	-	0.00%
Dues & Subscriptions	49,000	52,488	(3,488)	(7.12)%	2,037	2,476.81%
Dues & Subscriptions Invest	9,600	12,228	(2,628)	(27.37)%	8,551	43.00%
Dues & Subscriptions Audit	3,000	738	2,262	75.40%	2,037	(63.77)%
Miscellaneous	1,200	34,336	(33,136)	(2,761.33)%	788	4,257.36%
Miscellaneous Investment	200	-	200	100.00%	-	0.00%
Miscellaneous Audit	200	-	200	100.00%	-	0.00%
COT Charges	24,000	28,640	(4,640)	(19.33)%	21,640	32.35%
Telephone - Wireless	5,400	5,420	(20)	(0.37)%	4,734	14.49%
Telephone - Other	120,000	117,806	2,194	1.83%	100,686	17.00%
Computer Equip./Software	2,640,000	2,916,313	(276,313)	(10.47)%	-	100.00%
<b>OPERATIONAL SUBTOTAL</b>	<b>\$5,394,137</b>	<b>\$5,039,065</b>	<b>\$355,070</b>	<b>6.58%</b>	<b>\$4,752,984</b>	<b>6.02%</b>
<b>SUB-TOTAL</b>	<b>\$44,240,544</b>	<b>\$40,481,445</b>	<b>\$3,759,100</b>	<b>8.50%</b>	<b>\$35,750,706</b>	<b>13.23%</b>
<b>Reserve</b>	<b>3,764,956</b>	<b>-</b>	<b>3,764,956</b>	<b>0.00%</b>		
<b>TOTAL</b>	<b>\$48,005,500</b>	<b>\$40,481,445</b>	<b>\$7,524,056</b>	<b>15.67%</b>	<b>\$35,750,706</b>	<b>13.23%</b>

*Differences due to rounding*

Plan	Budgeted	FY 2022 Expense	% of Total KPPA FY 2022 Expense	FY 22 Hybrid Percentage
CERS Nonhazardous	\$28,683,286	\$24,187,663	59.75%	57.58%
CERS Hazardous	2,539,491	2,141,468	5.29%	5.10%
KERS Nonhazardous	14,824,098	12,500,670	30.88%	32.965%
KERS Hazardous	1,636,988	1,380,417	3.41%	3.635%
SPRS	321,637	271,226	0.67%	0.720%
<b>TOTAL</b>	<b>\$48,005,500</b>	<b>\$40,481,445</b>		

Plan - Specific Expenses	CERS		KERS		SPRS
	Nonhazardous	Hazardous	Nonhazardous	Hazardous	
FY 2022 Expense	\$24,187,663	\$2,141,469	\$12,500,670	\$1,380,417	\$271,226
Hybrid Percent Adjustment	(879,443)	(78,768)	846,555	91,355	20,301
Plan Specific Adjustment	(365,417)	(32,305)	364,002	40,261	(6,541)
Separation Expense Adjustment	182,519	16,205	(175,735)	(19,156)	(3,833)
<b>Total Expenses</b>	<b>\$23,125,322</b>	<b>\$2,046,601</b>	<b>\$13,535,492</b>	<b>\$1,492,877</b>	<b>\$281,153</b>



## CERS Outstanding Invoices by Type and Employer

Invoice Type	6/30/2022	6/30/2022	Change H/(L)
Averaging Refund to Employer	\$(202,340)	\$(202,340)	0%
Employer Free Military and Decompression Service	97,087	97,087	0%
Member Pension Spiking Refund	(12,958)	(12,958)	0%
Monthly Reporting Invoice	194,197	194,197	0%
Penalty – Monthly Reporting	193,435	193,435	0%
Reinstatement	171,358	171,358	0%
<b>Total</b>	<b>440,779</b>	<b>440,779</b>	
Health Insurance Reimbursement	570,905	570,905	0%
Omitted Employer	1,305,400	1,305,400	0%
Employer Pension Spiking*	1,384,377	1,384,377	0%
Standard Sick Leave	235,263	235,263	0%
<b>Total</b>	<b>3,495,945</b>	<b>3,495,945</b>	<b>0%</b>
<b>Grand Total</b>	<b>\$3,936,723</b>	<b>\$3,936,723</b>	<b>0%</b>

*\*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.*

Employer Name (Top Ten)	6/30/2022	6/30/2022	Change H/(L)
Kentucky River Regional Jail	\$893,893	\$893,893	0%
City of Covington	385,017	385,017	0%
Kenton County Airport Board	355,440	355,440	0%
City of Fort Thomas	235,207	235,207	0%
Livingston County Fiscal Court	228,710	228,710	0%
Henry County Fiscal Court	206,904	206,904	0%
TARC Transit Authority of River City	188,954	188,954	0%
City of Jeffersontown	102,949	102,949	0%
Bullitt County Fiscal Court	90,351	90,351	0%
Henderson County Fiscal Court	\$87,497	\$87,497	0%

	Total Unpaid Balance	Average Invoice Age
CERS	\$2,285,048	756
CERH	1,657,503	888
<b>Grand Total:</b>	<b>\$3,942,551</b>	



**County Employees Retirement System**  
**Penalty Invoices Report**  
 From: 4/1/2022 To: 6/30/2022  
 Note: Delinquent Interest amounts are included in the totals for the invoice

Invoice Amount	Delinquent Interest	Invoice Status Date	Invoice Due Date	Invoice Status	Employer Classification	Comments
\$1,000	\$-	6/14/2022	8/6/2020	CANC	Cities	New employer reporting official.
1,000	-	6/14/2022	8/20/2020	CANC	Cities	New employer reporting official.
1,000	-	6/14/2022	9/23/2020	CANC	Cities	New employer reporting official.
1,000	-	6/14/2022	10/17/2020	CANC	Cities	New employer reporting official.
1,000	-	6/14/2022	11/29/2020	CANC	Cities	New employer reporting official.
1,000	-	6/14/2022	4/16/2021	CANC	Cities	New employer reporting official.
1,000	-	4/14/2022	5/11/2022	CANC	Cities	Agency in good standing with KPPA.
1,000	-	4/14/2022	5/11/2022	CANC	Cities	Agency in good standing with KPPA.
1,000	-	4/14/2022	5/11/2022	CANC	Cities	Agency in good standing with KPPA.
1,000	-	5/31/2022	6/15/2022	CANC	Cities	New employer reporting official.
1,000	-	5/31/2022	6/24/2022	CANC	Cities	New employer reporting official.
<b>Total</b>	<b>\$11,000</b>					
\$1,000	\$-	4/11/2022	5/11/2022	CRTD	County Attorneys	
1,000	-	4/11/2022	5/11/2022	CRTD	County Attorneys	
1,000	-	4/14/2022	5/14/2022	CRTD	Planning Commissions	
1,000	-	4/18/2022	5/18/2022	CRTD	Cities	
1,395	-	4/20/2022	5/20/2022	CRTD	Cities	
1,000	-	5/3/2022	6/2/2022	CRTD	Conservation Districts	
1,000	-	5/16/2022	6/15/2022	CRTD	Cities	
1,000	-	5/18/2022	6/17/2022	CRTD	County Attorneys	
1,691	-	5/19/2022	6/18/2022	CRTD	Cities	
1,842	-	5/20/2022	6/19/2022	CRTD	Cities	
1,809	-	5/20/2022	6/19/2022	CRTD	Cities	
1,000	-	5/23/2022	6/22/2022	CRTD	Fiscal Courts	
1,000	-	5/23/2022	6/22/2022	CRTD	Fiscal Courts	
1,000	-	5/31/2022	6/30/2022	CRTD	Cities	
1,000	-	5/31/2022	6/30/2022	CRTD	Planning Commissions	
2,699	-	6/1/2022	7/1/2022	CRTD	Cities	
1,000	-	6/16/2022	7/16/2022	CRTD	Fiscal Courts	
<b>Total</b>	<b>\$21,435</b>					
\$1,000	\$-	6/16/2022	11/20/2013	PAID	Cities	
1,000	-	6/16/2022	2/1/2014	PAID	Cities	
1,000	-	6/16/2022	2/20/2014	PAID	Cities	
1,000	-	4/19/2022	9/18/2014	PAID	County Attorneys	
1,000	-	4/19/2022	9/26/2014	PAID	Fiscal Courts	
1,000	-	4/19/2022	10/22/2014	PAID	County Attorneys	



**County Employees Retirement System**  
**Penalty Invoices Report**  
 From: 4/1/2022 To: 6/30/2022

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

Invoice Amount	Delinquent Interest	Invoice Status Date	Invoice Due Date	Invoice Status	Employer Classification	Comments
\$1,000	\$-	4/14/2022	12/16/2016	PAID	Sanitation Districts	
1,000	-	4/14/2022	8/18/2017	PAID	Sanitation Districts	
1,000	-	5/11/2022	9/17/2017	PAID	Sanitation Districts	
1,000	-	5/11/2022	2/18/2018	PAID	Sanitation Districts	
1,000	-	5/11/2022	9/15/2018	PAID	Sanitation Districts	
1,000	-	5/11/2022	4/17/2019	PAID	Sanitation Districts	
1,000	-	5/11/2022	10/18/2019	PAID	Sanitation Districts	
1,000	-	5/11/2022	11/17/2019	PAID	Sanitation Districts	
1,000	-	5/11/2022	2/15/2020	PAID	Sanitation Districts	
1,000	-	5/11/2022	11/20/2020	PAID	Sanitation Districts	
1,000	-	5/10/2022	2/12/2021	PAID	Boards of Education	
1,000	-	5/10/2022	3/19/2021	PAID	Boards of Education	
1,000	-	4/5/2022	9/23/2021	PAID	Boards of Education	
1,000	-	5/4/2022	9/26/2021	PAID	Fiscal Courts	
1,000	-	5/4/2022	11/7/2021	PAID	Fiscal Courts	
1,000	-	4/5/2022	2/2/2022	PAID	Boards of Education	
1,000	-	5/11/2022	2/10/2022	PAID	Sanitation Districts	
1,000	-	4/1/2022	4/8/2022	PAID	Conservation Districts	
1,000	-	4/11/2022	4/27/2022	PAID	Utility Boards	
1,000	-	4/11/2022	4/29/2022	PAID	Utility Boards	
1,000	-	4/11/2022	4/30/2022	PAID	Utility Boards	
1,000	-	5/16/2022	5/12/2022	PAID	Parks and Recreation	
1,000	-	5/16/2022	5/15/2022	PAID	Parks and Recreation	
1,000	-	5/16/2022	5/18/2022	PAID	Parks and Recreation	
1,000	-	5/16/2022	5/19/2022	PAID	Parks and Recreation	
1,000	-	5/23/2022	6/3/2022	PAID	Fiscal Courts	
1,000	-	5/23/2022	6/3/2022	PAID	Fiscal Courts	
1,000	-	5/23/2022	6/3/2022	PAID	Fiscal Courts	
1,000	-	6/14/2022	6/16/2022	PAID	Cities	
7,360	-	6/10/2022	6/17/2022	PAID	Utility Boards	
1,000	-	6/15/2022	7/8/2022	PAID	Cities	
1,000	-	6/14/2022	7/13/2022	PAID	Libraries	
<b>Total</b>	<b>\$44,360</b>					

**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



Kentucky Public  
Pensions Authority

To: CERS Finance Committee

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

Date: August 23, 2022

Subject: Hazardous Position Classification

AGENCIES ARE REQUESTING HAZARDOUS DUTY COVERAGE FOR THE FOLLOWING POSITIONS:

<u>Agency</u>	<u>Position</u>	<u>Effective Date</u>
Okolona Fire District	Captain (Career)	7/1/2003
Okolona Fire District	Fire Sergeant (Career)	7/1/2003
Okolona Fire District	EMS Paramedic/Training Officer	10/1/2022
Hebron Fire Protection District	Apparatus Operator	7/1/2020
Hebron Fire Protection District	Lieutenant	4/1/2022
Hebron Fire Protection District	Captain	8/1/2022
Hebron Fire Protection District	Assistant Chief	10/1/2022
Hebron Fire Protection District	Chief	10/1/2022
Fern Creek Fire Protection District	Battalion Chief	10/1/2022
Fern Creek Fire Protection District	EMS Battalion Chief	10/1/2022
Burlington Fire Protection District	EMS Provider- Paramedic	10/1/2022
City of Florence	Paramedic Only	10/1/2022
City of Springfield	Firefighter/Trainer	10/1/2022
City of Morehead	Firefighter (full-time)	9/1/2022
City of Elizabethtown	Fire Captain	4/1/2022
Clay County Board of Education	Law Enforcement Officer	8/01/2022
Clay County Board of Education	Law Enforcement Supervisor	8/01/2022

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

(DRAFT)

## 2022 ACFR - SAFR Timeline DRAFT

Planned/ End Date	Task	Category	Owner
8/8/2022	KPPA transmits preliminary data files with new file layout to Actuary (Complete through June; not fully reviewed by KPPA)	Actuary	IT
8/5-8/8/2022	FYE Processing: Proration of service and member account interest posting, Member annual statements and actuary file creation	IT	IT
8/12/2022	Solid set of financial statements available	Auditor	KPPA
8/25/2022	**** Status Meeting	Auditor	
8/31/2022	Receipt of financial statements from KPPA GASB 67 & 74 & Data	Actuary	KPPA
8/31/2022	Solid trial balance	Auditor	KPPA
9/1/2022	**** Status Meeting	Auditor	
9/8/2022	**** Status Meeting	Auditor	
9/9/2022	Draft GASB 67 & 74 reports	Actuary	GRS
9/15/2022	Complete Valuation Program	Actuary	GRS
9/15/2022	Review GASB 67 & 74 reports	Actuary	GRS
9/15/2022	Run gain/loss programs and analyze Valuation	Actuary	GRS
9/15/2022	Draft GASB 67 & 74 reports to KPPA	Actuary	GRS
9/15/2022	**** Status Meeting	Auditor	
9/22/2022	**** Status Meeting	Auditor	
9/28/2022	GASB 67 & 74 report comments from KPPA	Actuary	KRS
9/29/2022	**** Status Meeting	Auditor	
9/30/2022	KPPA provides Actuary Reports to Auditor (Info (from the Actuary) for the Required Supplementary Info section of the Draft Financial Report)	ACFR	Actuary/KPPA
10/3/2022	Final GASB 67 & 74 reports to KPPA	Actuary	GRS
10/6/2022	20 - Year Projections review Valuation	Actuary	GRS
10/6/2022	**** Status Meeting	Auditor	
10/7/2022	ACFR Financial Section Review	ACFR	RA, SW, CD, AC, KC
10/12/2022	Draft valuation report	Actuary	GRS
10/12/2022	Draft information for ACFR Valuation	Actuary	GRS
10/13/2022	**** Status Meeting	Auditor	
10/14/2022	Draft Actuary Valuation Report available	Auditor	GRS & KPPA
10/14/2022	Solid set of financial statements (including notes and RSI)	Auditor	KPPA
10/19/2022	***Status Meeting - Reports Review for Board meeting on 11/8 and 11/9	Auditor	

(DRAFT)

## 2022 ACFR - SAFR Timeline DRAFT

Planned/ End Date	Task	Category	Owner
10/28/2022	Financial Section - 3rd Draft (unaudited) submitted for Audit Committee & Communications	ACFR	Accounting
10/26/2022	Actuary returns to KPPA the info needed for actuary section of ACFR including GASB numbers	KPPA	Actuary/KPPA
10/28/2022	Draft report to KPPA, including 20-year projection and sensitivity information Valuation	Actuary	GRS
11/15/2022	Report comments from KPPA Valuation	Actuary	KPPA
11/1/2022	Draft audit report sent to KPPA management	Auditor	External Auditor Blue & Co.
11/2/2022	Draft actuary report presented to <b>CERS Actuarial Committee</b>	Actuary	GRS
11/8/2022	Draft audit report presented to the <b>KRS Board</b>	Auditor	External Auditor Blue & Co.
11/9/2022	Draft audit report presented to the <b>CERS Board</b>	Auditor	External Auditor Blue & Co.
11/14/2022	***Status Meeting - Reports Review for Committee and Board meeting on 11/28, 12/1, 12/5, 12/7		
11/15/2022	Final actuary report to KPPA	Auditor	GRS & KRS
11/17/2022	Auditor provides audit report to KPPA (Auditor prepares and provides Draft Financial Report that contains the financial statement, draft opinion, notes, findings (with deficiency level defined for each), KPPA responses to findings, MDA (provided by KPPA), required supplementary information (info from the actuary), SAS 114, management letter, etc.)	Auditor	Accounting
11/21/2022	<b>CHECKPOINT FOR CHANGES</b>		RA, SW, CD, AC, KC
11/21/2022	<b>ACFR loaded on Board Books</b>	ACFR	Accounting
11/28/2022	<b>Draft audit report presented to the Joint Audit Committee</b>	Auditor	External Auditor Blue & Co.
11/30/2022	<b>Draft Valuation and Audit Reports presented to CERS Finance Committee</b>	<b>Actuary</b>	<b>GRS/KRS</b>
12/1/2022	<b>KRS Board approves final audit report</b> (External Auditor Blue & Co. Final Audit Report Released)	Auditor	External Auditor Blue & Co.
12/5/2022	<b>CERS Board approves final audit report</b> (External Auditor Blue & Co. Final Audit Report Released.)	Auditor	External Auditor Blue & Co.
12/7/2022	<b>KPPA Board of Directors approves final audit report</b> (External Auditor Blue & Co. Final Audit Report Released)	Auditor	External Auditor Blue & Co.
12/7/2022	KPPA Board of Directors approves final audit report (External Auditor Blue & Co. Final Audit Report Released)	Auditor	External Auditor Blue & Co.

(DRAFT)

## 2022 ACFR - SAFR Timeline DRAFT

Planned/ End Date	Task	Category	Owner
12/7/2022	End of Field work (All signed management representation letters must be in hand.)	Auditor	External Auditor Blue & Co. & KPPA
12/7/2022	Results of subsequent events between the component unit or fund opinion date and ACFR date reported to <b>ACFR AIC</b> .	Auditor	External Auditor Blue & Co. & KPPA
12/13/2022	Deadline to have subsequent events from auditors reports until December 13, 2022 to the APA	Auditor	External Auditor Blue & Co.
1/25/2023	***Status Meeting - Reports Review for Committee meeting on 2/8		
2/6/2023	***Status Meeting - Reports Review for Committee meeting on 2/20, 2/28, 3/1		
2/8/2023	<b>CERS Actuarial Committee Meeting (Tentative)</b> Reviewing and approving Actuarial Reports GASB68 and GASB75	Auditor	
2/20/2023	<b>CERS Finance Committee Meeting (Tentative)</b> Reviewing the CERS GASB68 and GASB75 Proportionate Share Audit Reports and make recommendation to CERS board to approve them	Auditor	
2/28/2023	<b>Joint Audit Committee Meeting (Tentative)</b> Reviewing and approving the GASB68 and GASB75 Proportionate Share Audit Reports and making a recommendation to the KPPA to approve them	Auditor	
3/1/2023	<b>KRS Board Meeting (Tentative)</b> KRS Board to approve GASB68 and GASB75 Proportionate Share Audit Reports	Auditor	
3/1/2023	***Status Meeting - Reports Review for Board meeting on 3/15, 3/23		
3/15/2023	<b>CERS Board Meeting (Tentative)</b> CERS Board to approve GASB68 and GASB75 Proportionate Share Audit Reports	Auditor	
3/23/2023	<b>KPPA Board Meeting (Tentative)</b> KPPA Board to approve GASB68 and GASB75 Proportionate Share Audit Reports	Auditor	

(DRAFT)

## 2022 ACFR - SAFR Timeline **DRAFT**

Planned/ End Date	Task	Category	Owner
			RA - Rebecca Adkins
			CD - Connie Davis
			KC - Kristen Coffey
			SW - Steve Willer
			AC - Ann Case



## MEMORANDUM

**TO:** County Employees Retirement System Board of Trustees

**From:** Dr. Merl Hackbart, Chair  
Investment Committee

**Date:** September 14, 2022

**Subject:** Summary of Investment Committee Regular Meeting

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The County Employees Retirement System held a regular meeting on August 23, 2022.

1. **The following items were approved by the Investment Committee and are being forwarded to the County Employees Retirement System Board of Trustees for ratification\***
  - a. **No Action was taken by the Investment Committee that Requires Ratification of the Board.**

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

2. **The following items were also discussed during the Investment Committee meeting:**
  - a. The Committee received a year-end performance report from our investment consultant, Wilshire. The Investment Office staff also reported on fiscal year fourth quarter numbers as well as a preliminary look at the fiscal year 2023 July and August numbers.
  - b. The CIO presented to the Committee the rationale for a Trust Budget and the staff's first attempt at establishing the parameters of the Trust Budget. It was determined that the Trust Budget will significantly increase the Trustee's oversight of all monies spent from the CERS Trust.
  - c. The CIO gave the Committee insights on the staffing efforts that are taking place in the department. In addition to the additional 18A exempted positions, the CIO

mentioned that KPPA staff is working with the Personnel Cabinet to establish at least 2 additional support positions for the department.

**\*Board of Trustees Action Required**

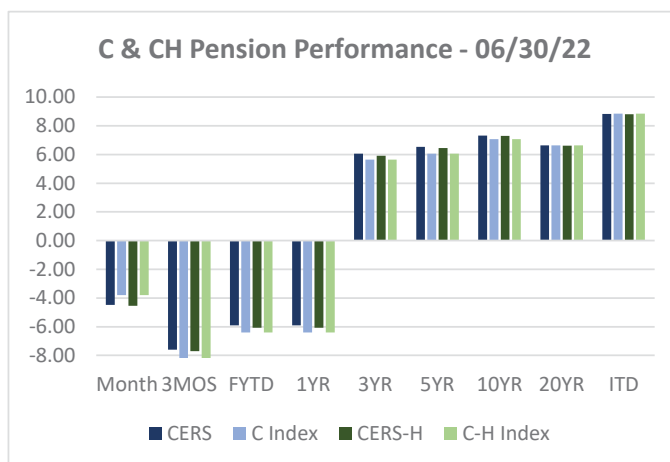
**What’s going on in the marketplace?**

Global equity markets experienced severe declines during the month, as markets began to doubt the FED’s ability to engineer a soft landing and fear of a recession began to ripple through the minds of investors. High inflation, rising interest rates, signs of economic slowdown and tightening central bank policies combined to fuel this concern. Global fixed income markets also were lower during the period in response to rising interest rates and widening spreads. The first half of the fiscal year witnessed several pockets of strength, particularly in the real estate and U.S. equity markets, and to a lesser degree the specialty credit and real return spaces. However, inflation continued to rise in response to loose monetary policy, supply chain issues, rising energy costs, and commodity strength. To combat inflation, central banks across the globe began to tighten financial conditions by raising rates. These actions called global growth into question and prompted downward pressure on valuation multiples producing elevated volatility across markets. These conditions were exacerbated by the breakout of conflict in Ukraine. Today markets remain incredibly volatile in the face of elevated inflation, early signs of potential softening in the labor market, teetering earnings, and the risks of further geopolitical issues.

**The KPPA pension investment portfolio returned -4.3% during the month of June, underperforming its benchmark, which fell -3.5%. For the month the CERS Pension Composite returned -4.5%. More specifically, the CERS and CERS-H Pension portfolios returned -4.5% and -4.6%, respectively, while their benchmarks returned -3.8%. Both plans underperformed their respective benchmarks with similar drivers of attribution. Relative underperformance was a product of weaker performance in the Private Equity and Real Estate allocations of the portfolios versus the benchmark; this was partially offset by strong outperformance in the Specialty Credit allocation of the portfolios. Further, the underweight to Real Return hampered relative performance as this was one of the stronger performing asset classes during the month. This brought the KPPA pension fiscal year return to -5.7% versus benchmark return of -5.8%. For the fiscal year the CERS Pension Composite fell 5.9%. CERS and CERS-H Pension portfolios returned -5.9% and -6.1%, respectively, and outperformed their benchmarks’ performance of -6.4%. For the fiscal year, the CERS and CERS-H plans’ relative outperformance was primarily driven by strong security selection, most notably in the Specialty Credit, Private Equity, and Core Fixed Income portfolios. This relative outperformance was partially offset by allocation positioning that hampered performance. The average 6.8% underweight to Real Return cost the portfolio approximately 135bps of relative performance.**

**Global equity markets** were significantly weaker during the month, with the MSCI ACWI falling -8.4%. US markets were slightly more resilient than their International market counterparts, providing 58bps of downside protection. For the fiscal year, global equity market were off 17.0%. Domestic markets held up significantly better with the Russell 3000 index down -13.9% versus the MSCI ACWI Ex-US index down -19.9%.

**US equity markets** declined 837bps during the month (Russell 3000), the KPPA portfolio fared just slightly better, dropping 831bps. Midcaps underperformed both large and small caps by +135bps; growth held up better than value (R300G: -7.8% vs R3000V: -8.8%). The KPPA portfolio’s relative outperformance was driven by a combination of stock selection and allocation. A number of the individual strategies outpaced their respective indices, and the overweight to small cap proved beneficial during the period.





For the fiscal year, the KPPA portfolio outperformed the R3000, -13.6% versus -13.9%. Stock selection was solid with the only relative weakness coming from the all cap portion of the portfolio. The small and microcap strategies held up significantly better than their respective indices. The portfolio's value tilt was additive, as the style provided over 12% of downside protection over growth.

**NonUS equity markets** fell -9.0% (MSCI ACWI Ex-US) during the month. Emerging markets held up better than their developed international counterparts (MSCI EM: -6.7% vs MSCI World Ex-US: -9.4%). Small caps were noticeably weaker, losing -11.0%. The KPPA portfolio fell -9.0% during the month, losing 8bps to the benchmark. Individual mandate relative performance was mixed during the period; however, it skewed negative. The slight overweight to emerging markets was additive.

For the fiscal year, the portfolio trailed its benchmark by 194bps. During a risk off environment, the portfolio's growth managers and slight emerging market overweight hampered relative performance. The value portion of the portfolio performed well, and partially offset some of the weakness in other parts of the portfolio.

**The specialty credit portfolio** outperformed its benchmark during the month, providing 286bps of downside protection (-1.6% vs -4.5%). While the High Yield market was notably weaker during the month with the Bloomberg US Corporate High Yield returning -6.7%, the Leverage Loan market held up significantly better, as evidenced by the -2.2% return of S&P LSTA Leveraged Loan Index.

For the fiscal year, the specialty credit portfolio significantly outperformed its benchmark, providing a positive return of 1.2% versus a benchmark return of -7.9% with all but one of the mandates outperforming their respective benchmarks. With the first half of 2022 witnessing the worst first-half return in the history of the High Yield index, performance for the fiscal year was dragged down resulting in a -12.8% return for the index. Given their lower interest rate sensitivity and higher seniority, leveraged loans performed better with the index falling just -2.8% for the fiscal year.

**The core fixed income portfolio** provided 36bps of downside protection when compared to the Bloomberg Aggregate Index (-1.2% vs -1.6%). The portfolio's shorter duration profile and tactical allocation to front end investment grade credit aided relative performance during the period as rates rose and credit spreads widened.

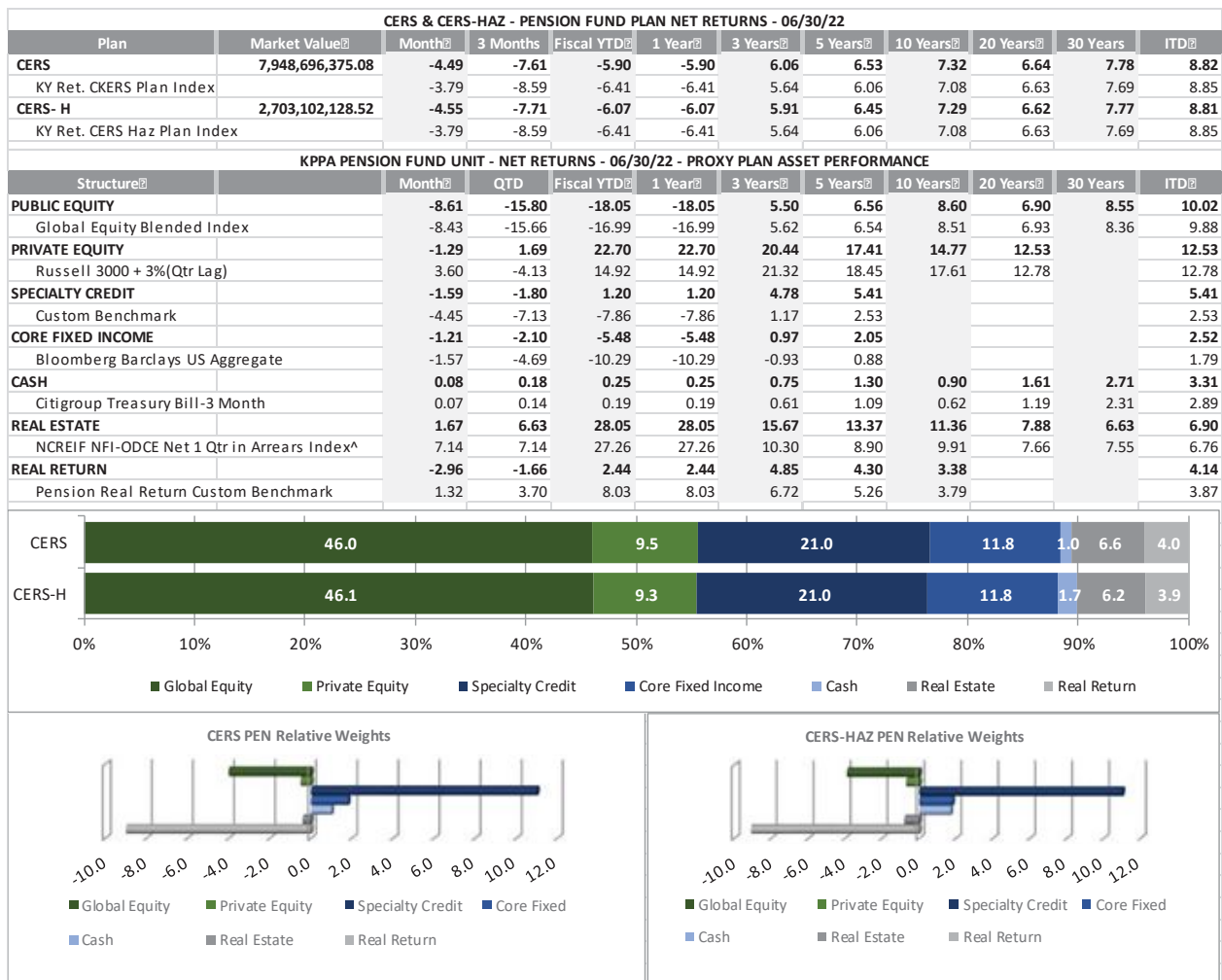
For the fiscal year, the core portfolio produced 481 bps of outperformance with a -5.5% return versus the benchmark return of -10.3%. The short-term corporate and intermediate aggregate portions of the portfolio held up better than the traditional, more interest rate sensitive core aggregate index.

**The private equity allocation** reported a fiscal year return of 22.7%. However, it should be noted that this asset class is reported on a lag, so a portion of this year's volatility has yet to be reflected in the marks of some of the investments within the portfolio.

**The real return portfolio** lost 3.0% during the month, bringing the fiscal year return to 2.4% versus the long-term benchmark return of 8.0%. Most of the month's decline came from the MLP portion of the portfolio, which fell 14% during June; however, it still ended the fiscal year up 10%. Most strategies in the portfolio provided positive absolute performance for the fiscal year, but the relative weakness of the asset class was a product of benchmark construction (US CPI +3%) and the difficulty of measuring short-term performance.

**Real estate** has performed well for several quarters, and has been one of the best performing asset classes for the portfolio. The allocation returned 1.7% during the month, bringing the fiscal year performance to 28.1% (versus the benchmark return of 27.3%), and has been driven by continued strength in industrial, multi-family, and storage properties.

The cash portfolio performed in line with the 3-month T-bill for the month (0.08%). This brought the fiscal year performance to 0.3% versus 0.2%. The cash overweight was of benefit during a volatile month and fiscal year.



CERS Board Meeting - Investment Committee Report

CERS INS & CERS HAZ INS - INSURANCE FUND - PLAN NET RETURNS - 06/30/22											
Plan	Market Value	Month	3 Months	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	20 Years	30 Years	ITD
<b>CERS INS</b>	<b>3,004,344,252.93</b>	<b>-4.29</b>	<b>-7.49</b>	<b>-5.43</b>	<b>-5.43</b>	<b>5.80</b>	<b>6.46</b>	<b>7.21</b>	<b>6.27</b>	<b>6.87</b>	<b>7.29</b>
KY Ins. CERS Plan Index		-3.79	-8.59	-6.22	-6.22	5.23	5.86	7.04	6.49	7.13	7.50
<b>CERS - H INS</b>	<b>1,508,530,985.74</b>	<b>-4.22</b>	<b>-7.35</b>	<b>-4.99</b>	<b>-4.99</b>	<b>5.99</b>	<b>6.61</b>	<b>7.30</b>	<b>6.32</b>	<b>6.90</b>	<b>7.31</b>
KY Ins. CERS Haz Plan Index		-3.79	-8.59	-6.22	-6.22	5.23	5.86	7.05	6.49	7.13	7.50

KPPA INSURANCE FUND UNIT - NET RETURNS - 06/30/22 - PROXY PLAN ASSET PERFORMANCE											
Structure	Month	QTD	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	20 Years	30 Years	ITD	
<b>PUBLIC EQUITY</b>		<b>-8.57</b>	<b>-15.76</b>	<b>-17.94</b>	<b>-17.94</b>	<b>5.53</b>	<b>6.54</b>	<b>8.62</b>	<b>6.87</b>	<b>8.28</b>	
Global Equity Blended Index		-8.43	-15.66	-17.02	-17.02	5.58	6.51	8.46	6.59	8.11	
<b>PRIVATE EQUITY</b>		<b>1.17</b>	<b>3.06</b>	<b>30.26</b>	<b>30.26</b>	<b>18.10</b>	<b>16.67</b>	<b>15.41</b>	<b>11.43</b>	<b>11.43</b>	
Russell 3000 + 3%(Qtr Lag)		3.60	-4.13	14.92	14.92	21.32	18.45	17.61	12.31	12.31	
<b>SPECIALTY CREDIT</b>		<b>-1.41</b>	<b>-1.63</b>	<b>1.39</b>	<b>1.39</b>	<b>4.68</b>	<b>5.21</b>			<b>5.21</b>	
Custom Benchmark		-4.45	-7.13	-7.86	-7.86	1.17	2.53			2.53	
<b>CORE FIXED INCOME</b>		<b>-1.33</b>	<b>-2.33</b>	<b>-5.67</b>	<b>-5.67</b>	<b>0.75</b>	<b>1.93</b>			<b>2.22</b>	
Bloomberg Barclays US Aggregate		-1.57	-4.69	-10.29	-10.29	-0.93	0.88			1.79	
<b>CASH</b>		<b>0.09</b>	<b>0.18</b>	<b>0.24</b>	<b>0.24</b>	<b>0.59</b>	<b>1.13</b>	<b>0.75</b>	<b>1.44</b>	<b>2.42</b>	
Citigroup Treasury Bill-3 Month		0.07	0.14	0.19	0.19	0.61	1.09	0.62	1.19	2.31	
<b>REAL ESTATE</b>		<b>1.72</b>	<b>6.67</b>	<b>27.50</b>	<b>27.50</b>	<b>15.61</b>	<b>13.35</b>	<b>11.20</b>		<b>10.63</b>	
NCREIF NFI-ODCE Net 1 Qtr in Arrears Index^		7.14	7.14	27.26	27.26	10.30	8.90	9.91		6.99	
<b>REAL RETURN</b>		<b>-1.96</b>	<b>-0.90</b>	<b>2.24</b>	<b>2.24</b>	<b>5.16</b>	<b>4.44</b>	<b>3.27</b>		<b>4.03</b>	
Pension Real Return Custom Benchmark		1.32	3.70	6.98	6.98	6.76	5.28	3.85		3.93	

Plan	Global Equity	Private Equity	Specialty Credit	Core Fixed Income	Cash	Real Estate	Real Return
CERS INS	45.9	9.7	20.7	11.6	2.5	6.3	3.2
CERS-H INS	45.5	10.8	20.9	11.7	0.8	6.9	3.4

CERS Insurance Relative Weights

CERS-HAZ Insurance Relative Weights

# Asset Allocation & Performance

Total Fund

Periods Ended June 30, 2022

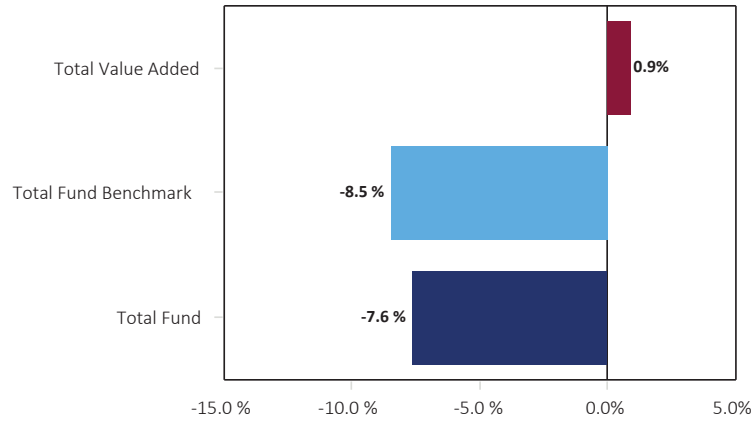
	Market Value \$	Performance (%) net of fees										
		QTD	YTD	FYTD	1 Year	3 Years	5 Years	10 Years	20 Years	30 Years	Since Inception	Inception Date
<b>CERS Pension Plan</b>	<b>7,948,696,372</b>	<b>-7.61</b>	<b>-10.15</b>	<b>-5.90</b>	<b>-5.90</b>	<b>6.04</b>	<b>6.52</b>	<b>10.10</b>	<b>6.63</b>	<b>7.78</b>	<b>8.82</b>	<b>4/1/1984</b>
CERS IPS Index		-8.53	-10.75	-6.10	-6.10	5.64	6.16					
Value Added		0.92	0.60	0.20	0.20	0.40	0.36					
Assumed Rate 6.25%		1.53	3.08	6.25	6.25	6.25	6.25					
Value Added		-9.14	-13.23	-12.15	-12.15	-0.21	0.27					
<b>CERS Insurance Plan</b>	<b>3,004,344,247</b>	<b>-7.49</b>	<b>-9.79</b>	<b>-5.43</b>	<b>-5.43</b>	<b>5.80</b>	<b>6.46</b>	<b>8.08</b>	<b>6.27</b>	<b>6.87</b>	<b>7.29</b>	<b>4/1/1987</b>
CERS IPS Index		-8.49	-10.75	-5.85	-5.85	5.52	6.05					
Value Added		1.00	0.96	0.42	0.42	0.28	0.41					
Assumed Rate 6.25%		1.53	3.08	6.25	6.25	6.25	6.25					
Value Added		-9.02	-12.87	-11.68	-11.68	-0.45	0.21					
<b>CERS (H) Pension Plan</b>	<b>2,703,102,128</b>	<b>-7.71</b>	<b>-10.27</b>	<b>-6.06</b>	<b>-6.06</b>	<b>5.90</b>	<b>6.45</b>	<b>10.10</b>	<b>6.62</b>	<b>7.77</b>	<b>8.81</b>	<b>4/1/1984</b>
CERS (H) IPS Index		-8.57	-10.79	-6.14	-6.14	5.57	6.14					
Value Added		0.86	0.52	0.08	0.08	0.33	0.31					
Assumed Rate 6.25%		1.53	3.08	6.25	6.25	6.25	6.25					
Value Added		-9.24	-13.35	-12.31	-12.31	-0.35	0.20					
<b>CERS (H) Insurance Plan</b>	<b>1,508,530,983</b>	<b>-7.35</b>	<b>-9.59</b>	<b>-4.99</b>	<b>-4.99</b>	<b>5.97</b>	<b>6.60</b>	<b>8.08</b>	<b>6.31</b>	<b>6.90</b>	<b>7.31</b>	<b>4/1/1987</b>
CERS (H) IPS Index		-8.47	-10.72	-5.82	-5.82	5.49	6.04					
Value Added		1.12	1.13	0.83	0.83	0.48	0.56					
Assumed Rate 6.25%		1.53	3.08	6.25	6.25	6.25	6.25					
Value Added		-8.88	-12.67	-11.24	-11.24	-0.28	0.35					

# Total Fund Attribution

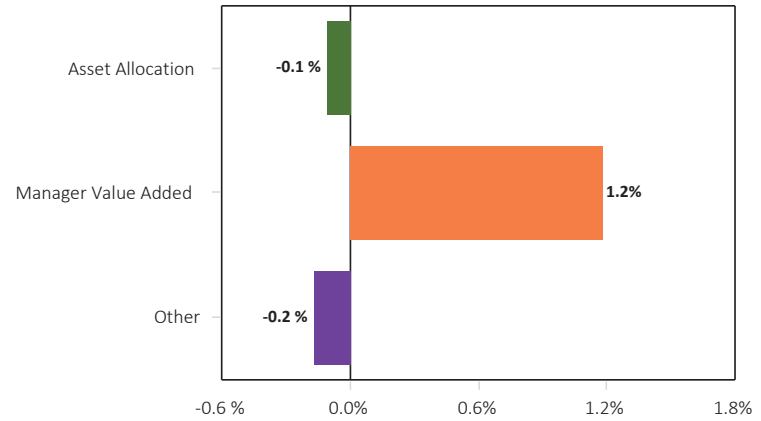
CERS Pension Plan

Periods Ended 1 Quarter Ending June 30, 2022

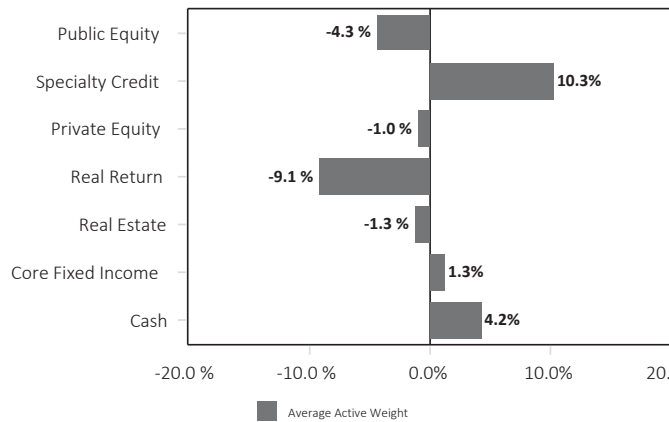
## Total Fund Performance



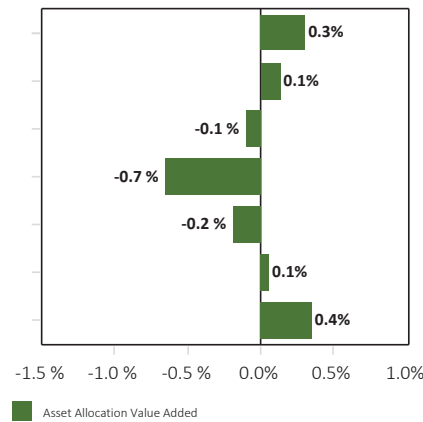
## Total Value Added:0.9%



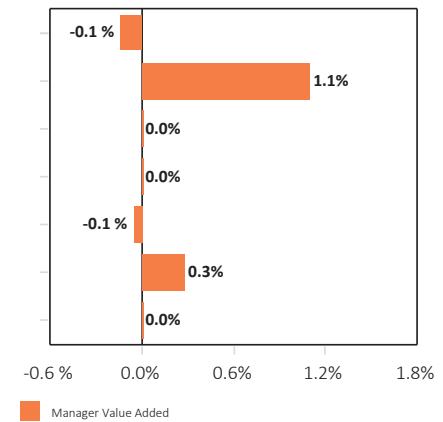
## Total Asset Allocation:-0.1 %



## Asset Allocation Value Added:-0.1 %



## Total Manager Value Added:1.2%

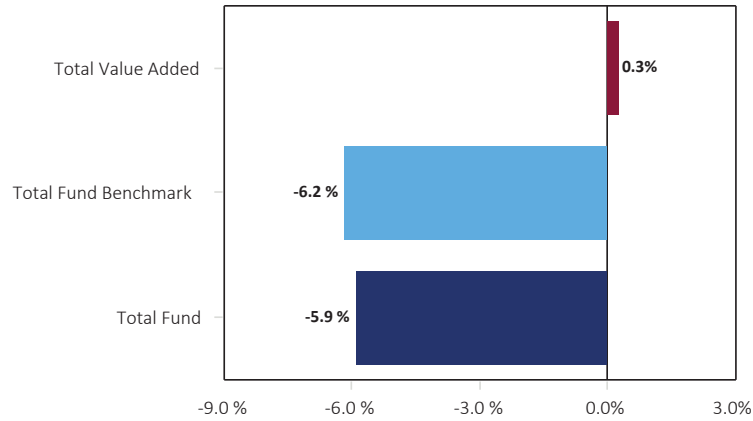


# Total Fund Attribution

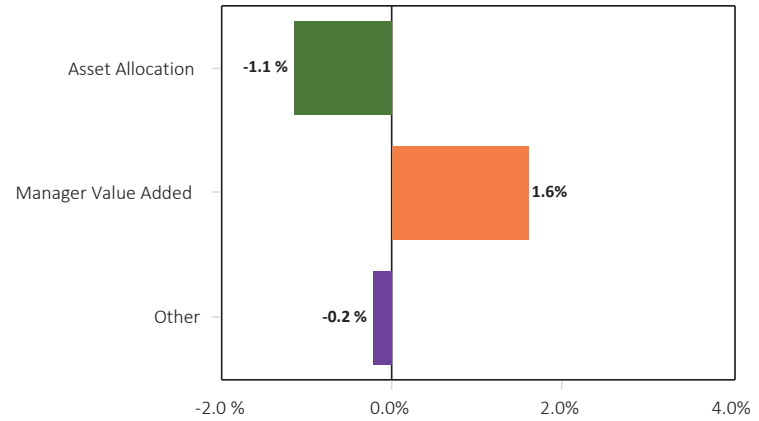
CERS Pension Plan

Periods Ended 1 Year Ending June 30, 2022

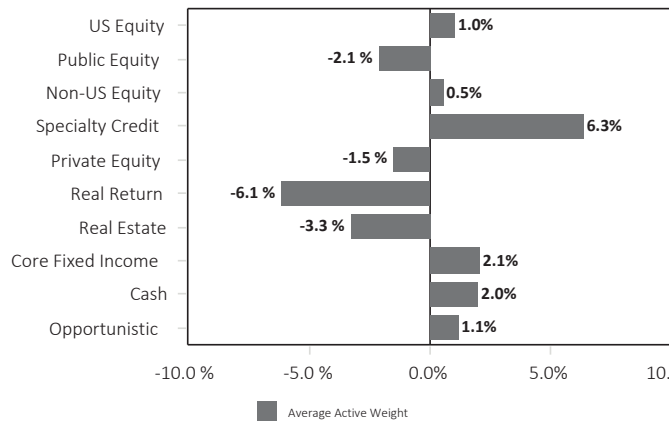
## Total Fund Performance



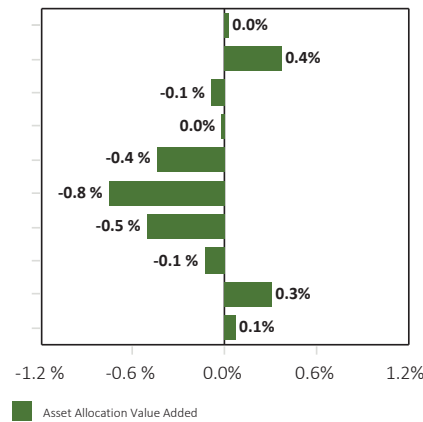
## Total Value Added:0.3%



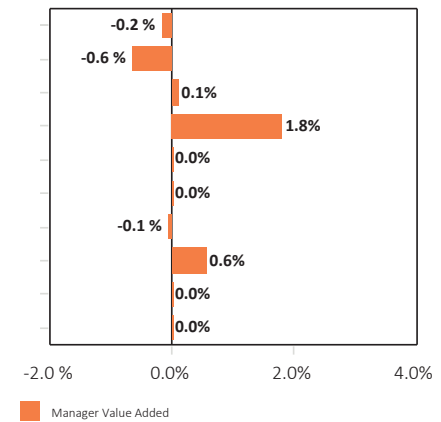
## Total Asset Allocation:-1.1 %



## Asset Allocation Value Added:-1.1 %



## Total Manager Value Added:1.6%

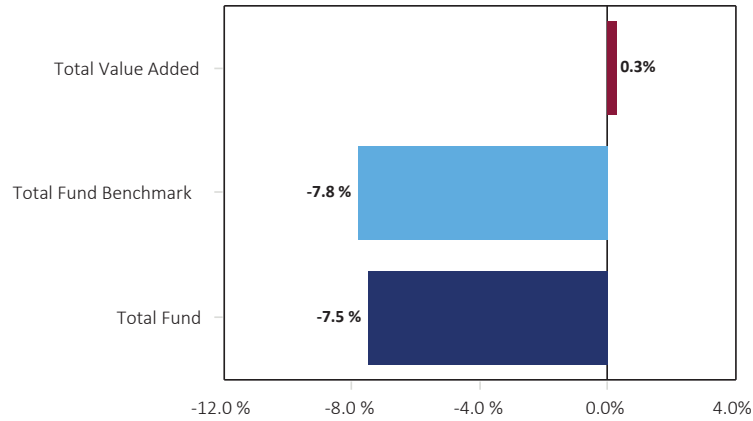


# Total Fund Attribution

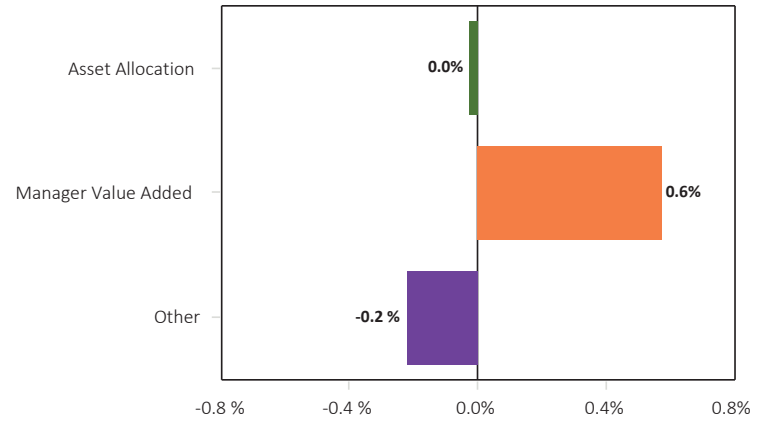
CERS Insurance Plan

Periods Ended 1 Quarter Ending June 30, 2022

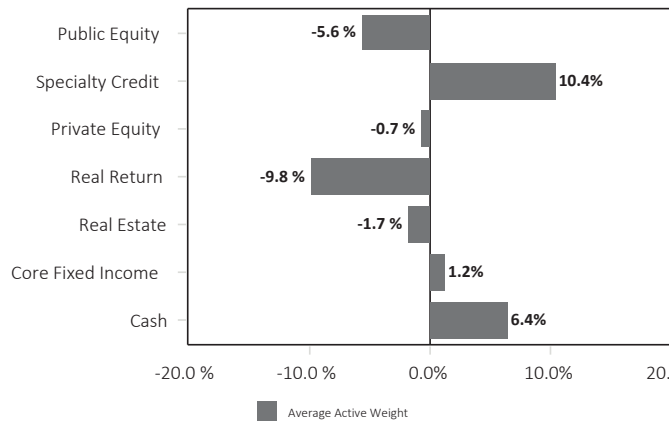
## Total Fund Performance



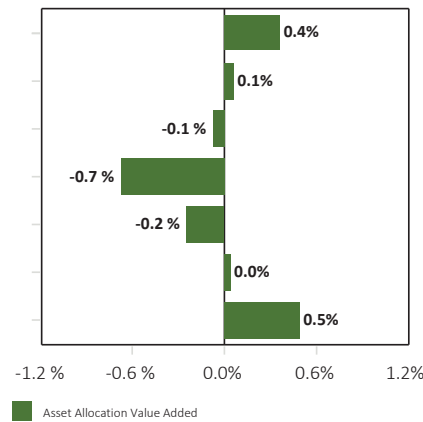
## Total Value Added:0.3%



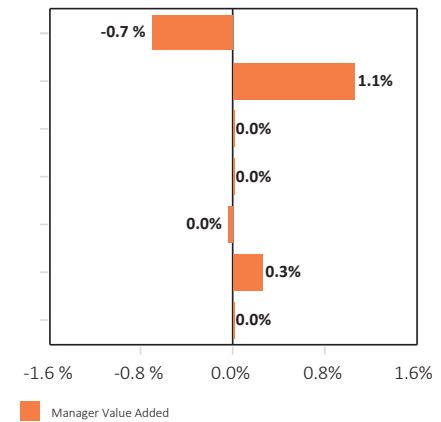
## Total Asset Allocation:0.0%



## Asset Allocation Value Added:0.0%



## Total Manager Value Added:0.6%

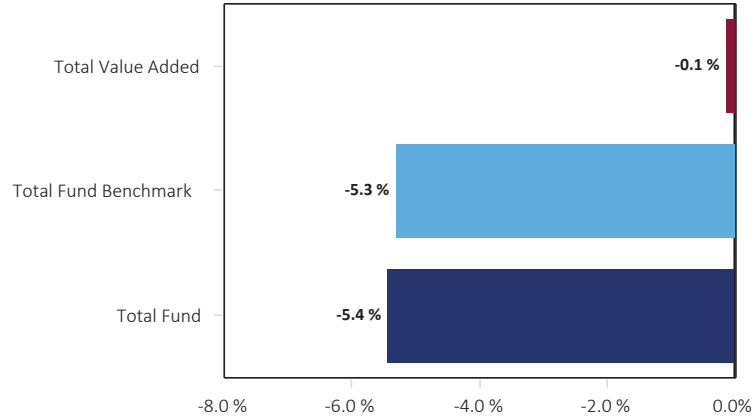


# Total Fund Attribution

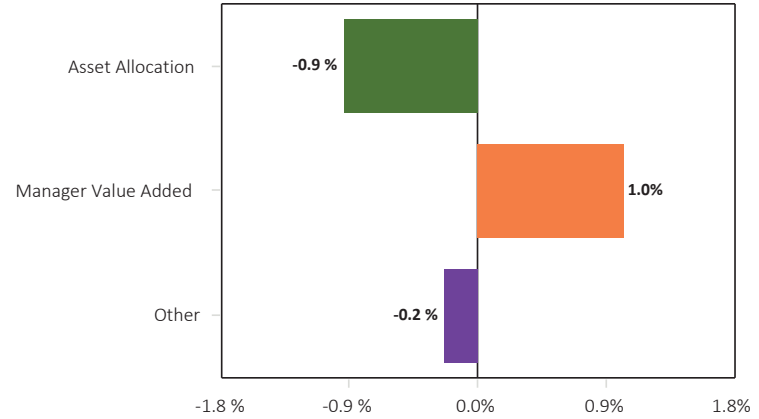
CERS Insurance Plan

Periods Ended 1 Year Ending June 30, 2022

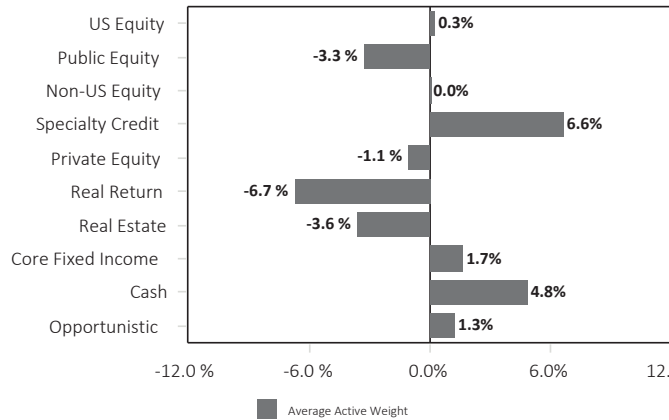
## Total Fund Performance



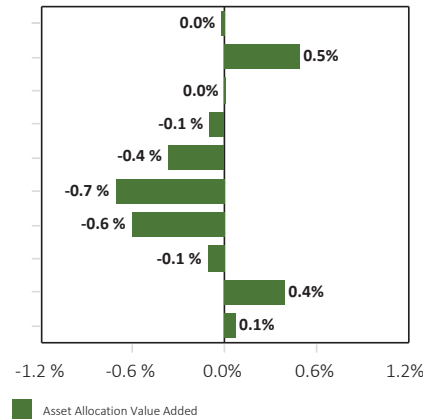
## Total Value Added:-0.1 %



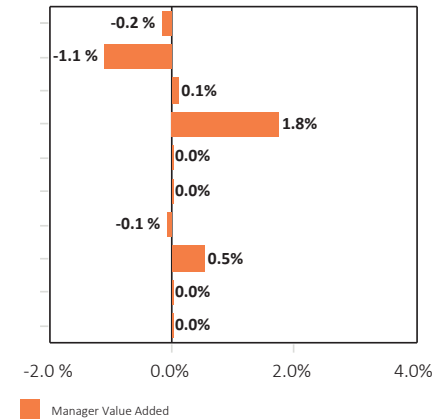
## Total Asset Allocation:-0.9 %



## Asset Allocation Value Added:-0.9 %



## Total Manager Value Added:1.0%



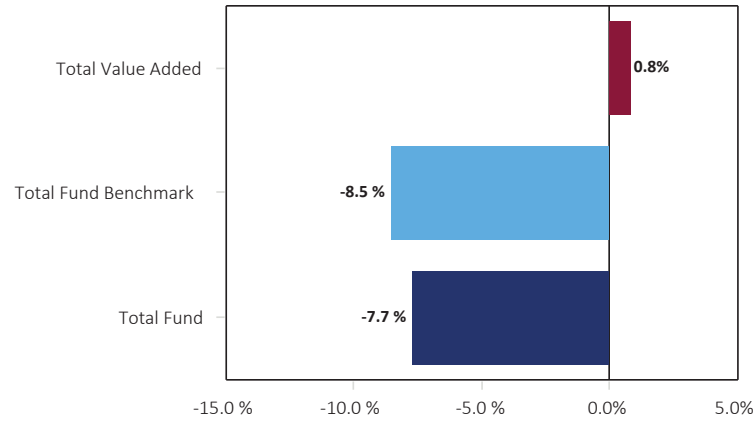


# Total Fund Attribution

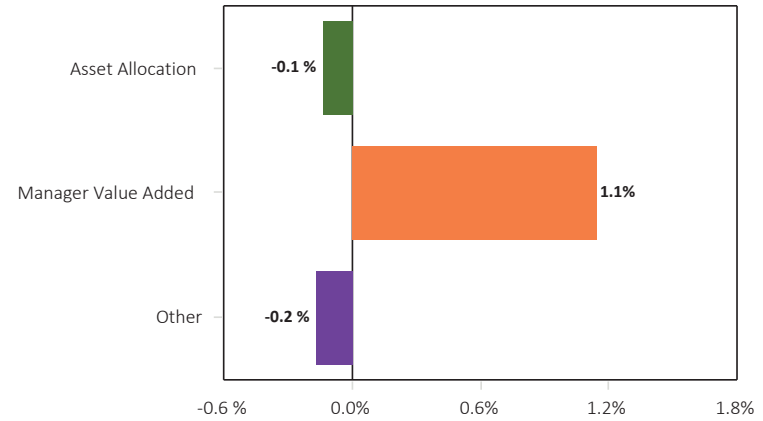
CERS (H) Pension Plan

Periods Ended 1 Quarter Ending June 30, 2022

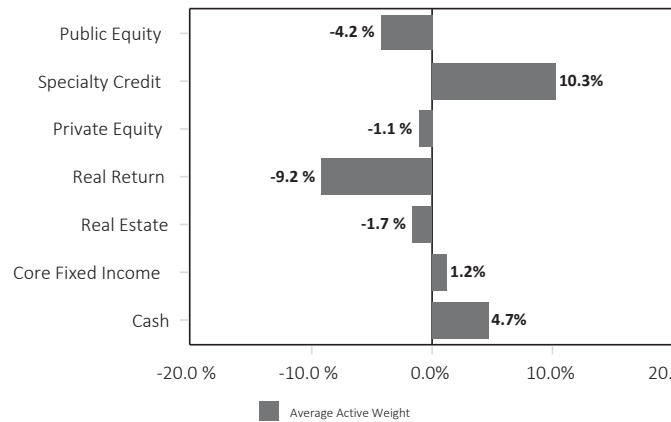
## Total Fund Performance



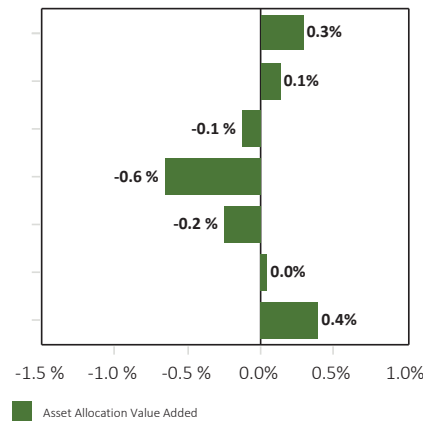
## Total Value Added: 0.8%



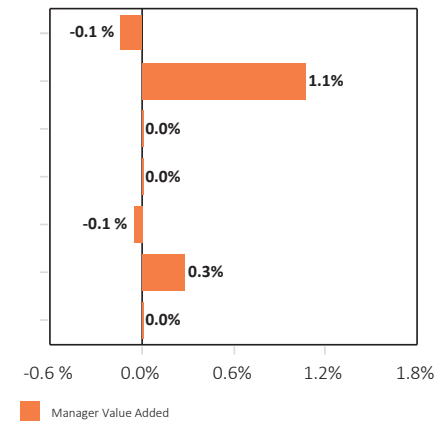
## Total Asset Allocation: -0.1%



## Asset Allocation Value Added: -0.1%



## Total Manager Value Added: 1.1%

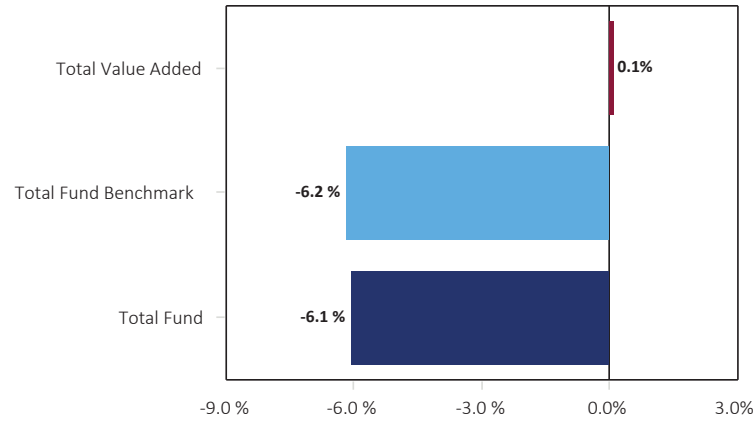


# Total Fund Attribution

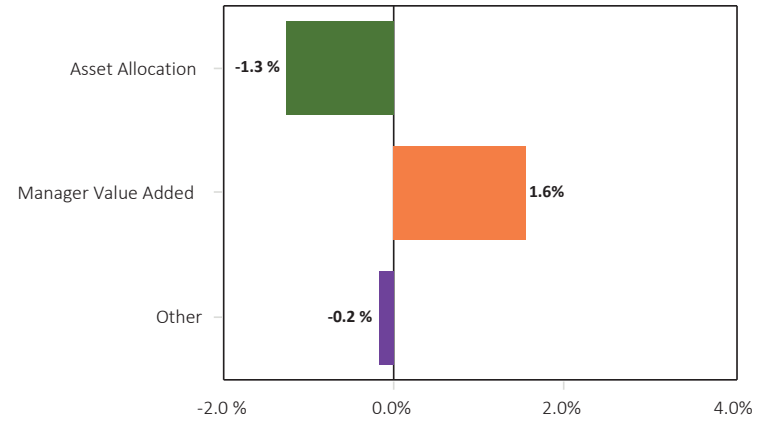
CERS (H) Pension Plan

Periods Ended 1 Year Ending June 30, 2022

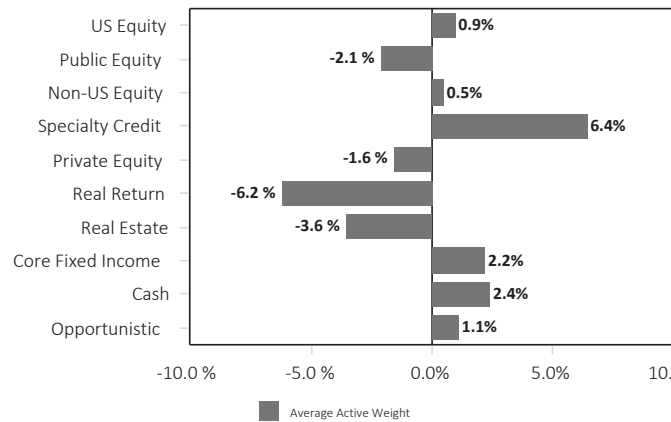
## Total Fund Performance



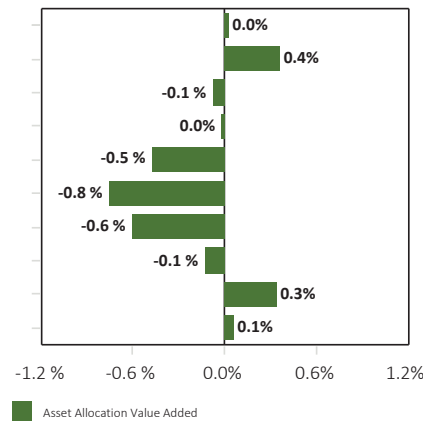
## Total Value Added: 0.1%



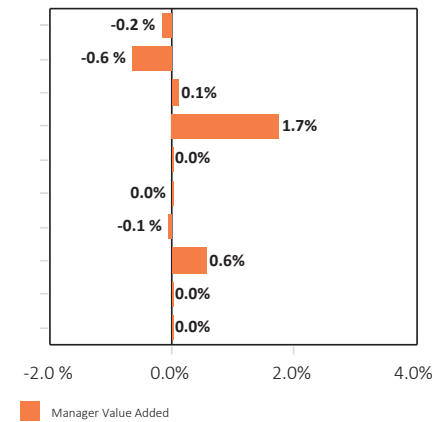
## Total Asset Allocation: -1.3%



## Asset Allocation Value Added: -1.3%



## Total Manager Value Added: 1.6%

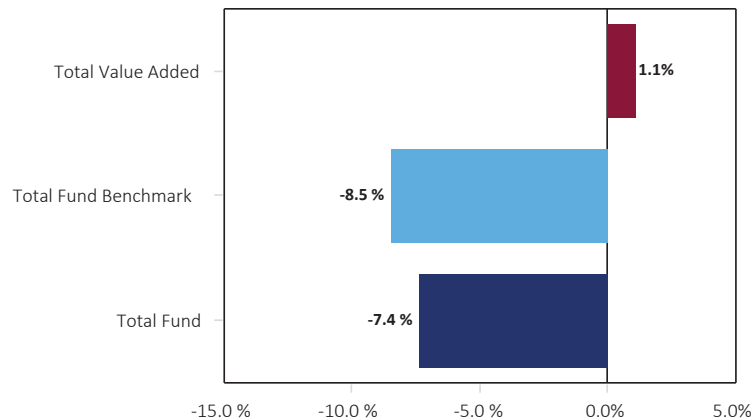


# Total Fund Attribution

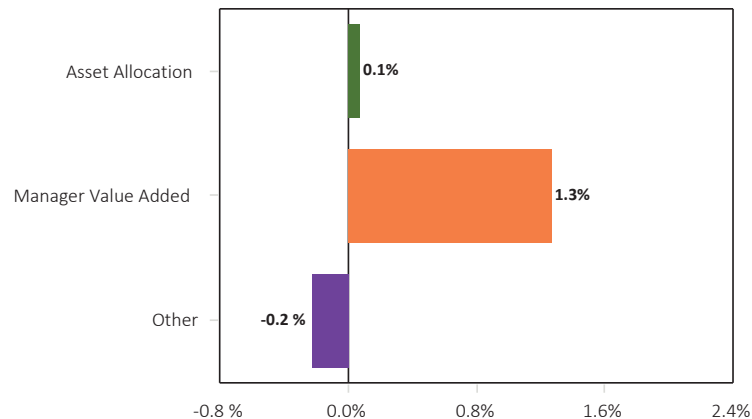
CERS (H) Insurance Plan

Periods Ended 1 Quarter Ending June 30, 2022

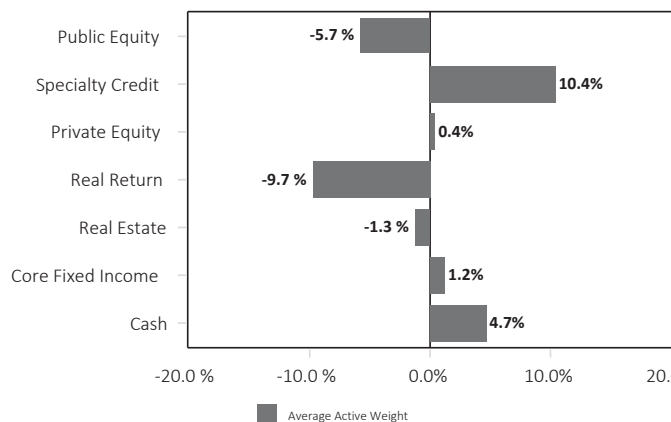
## Total Fund Performance



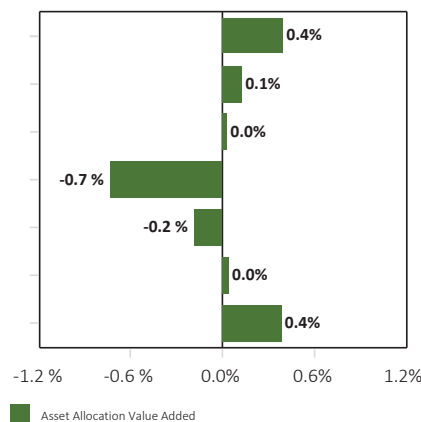
## Total Value Added: 1.1%



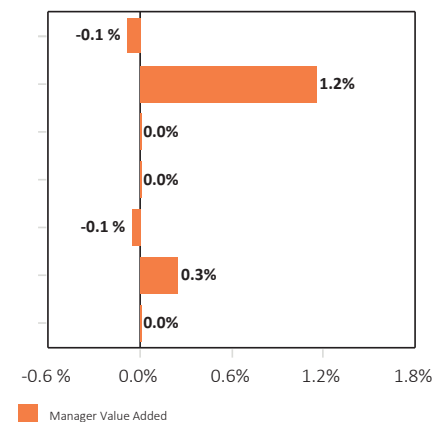
## Total Asset Allocation: 0.1%



## Asset Allocation Value Added: 0.1%



## Total Manager Value Added: 1.3%

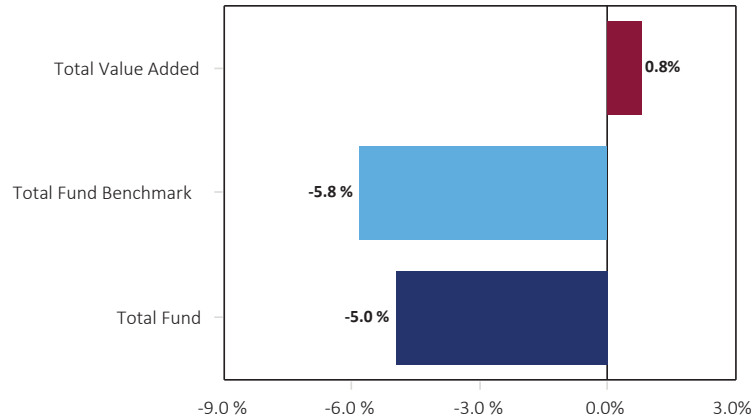


# Total Fund Attribution

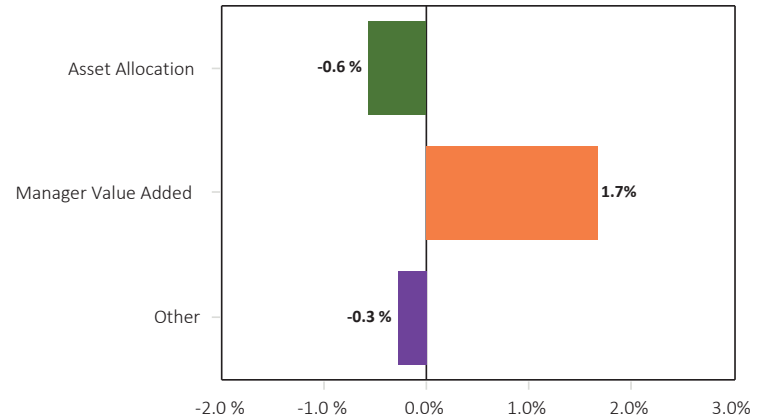
CERS (H) Insurance Plan

Periods Ended 1 Year Ending June 30, 2022

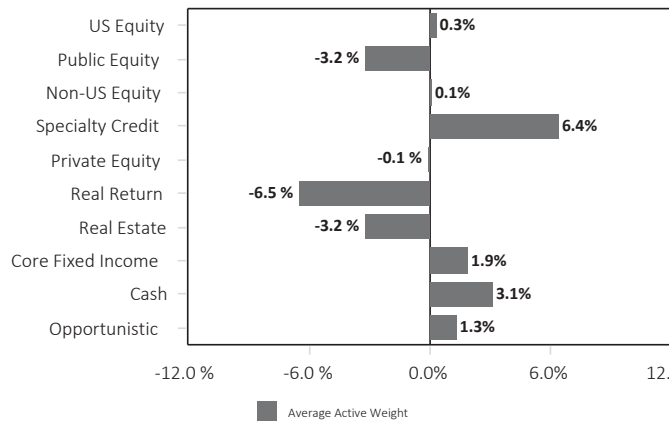
## Total Fund Performance



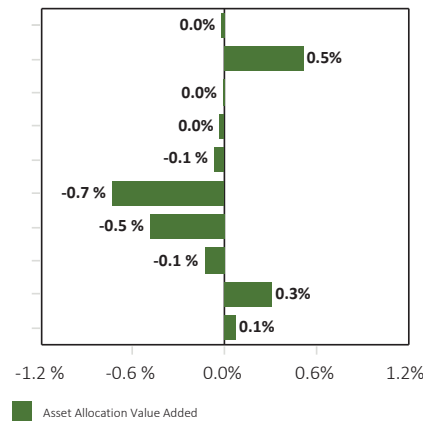
## Total Value Added:0.8%



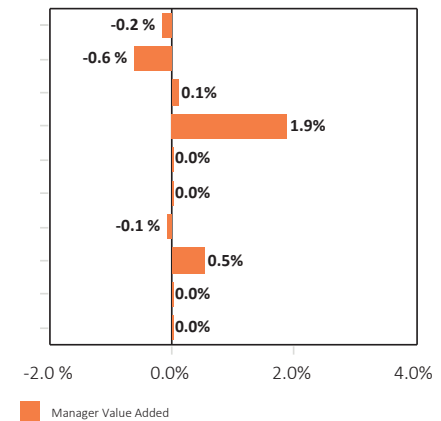
## Total Asset Allocation:-0.6 %



## Asset Allocation Value Added:-0.6 %



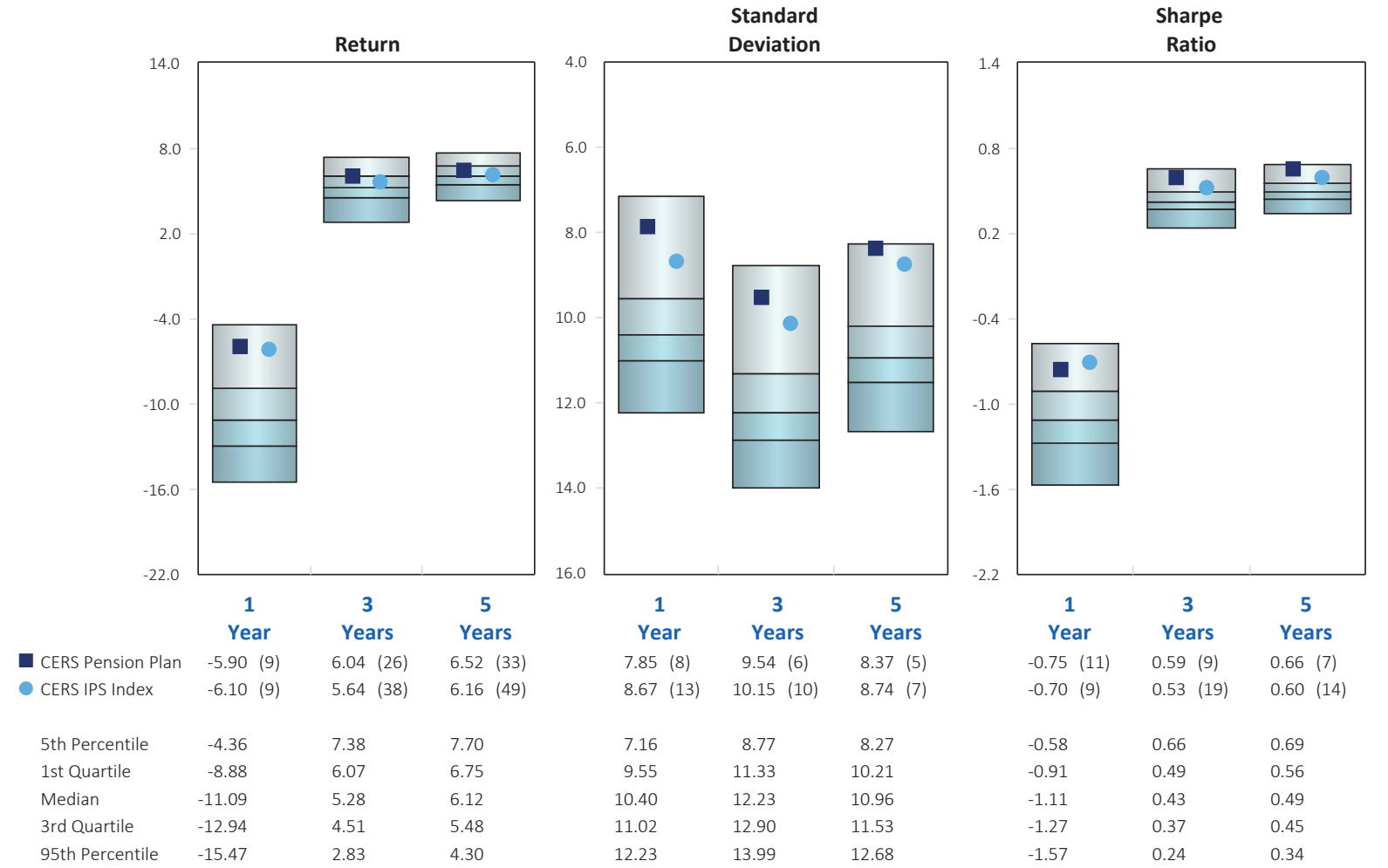
## Total Manager Value Added:1.7%



# Plan Sponsor Peer Group Analysis - Multi Statistics

CERS Pension Plan vs All Public Plans-Total Fund

Periods Ended June 30, 2022

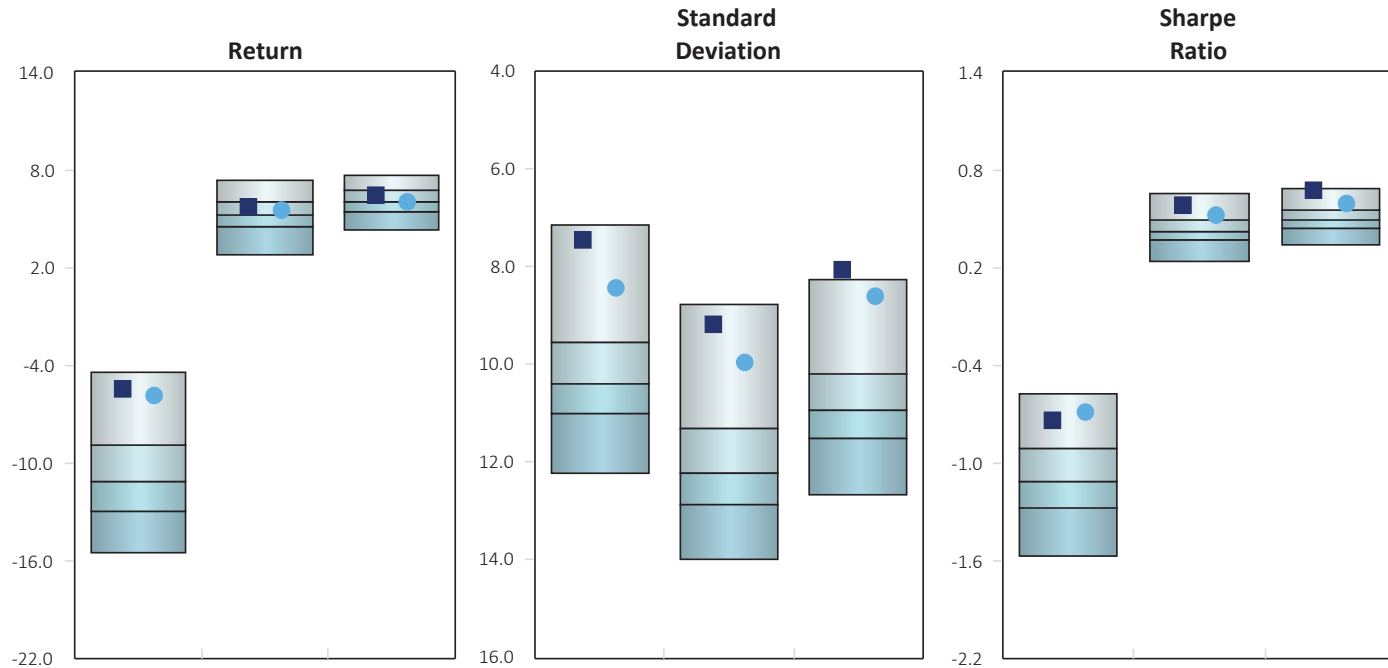


Parentheses contain percentile rankings.  
Calculation based on monthly periodicity.

# Plan Sponsor Peer Group Analysis - Multi Statistics

CERS Insurance Plan vs All Public Plans-Total Fund

Periods Ended June 30, 2022



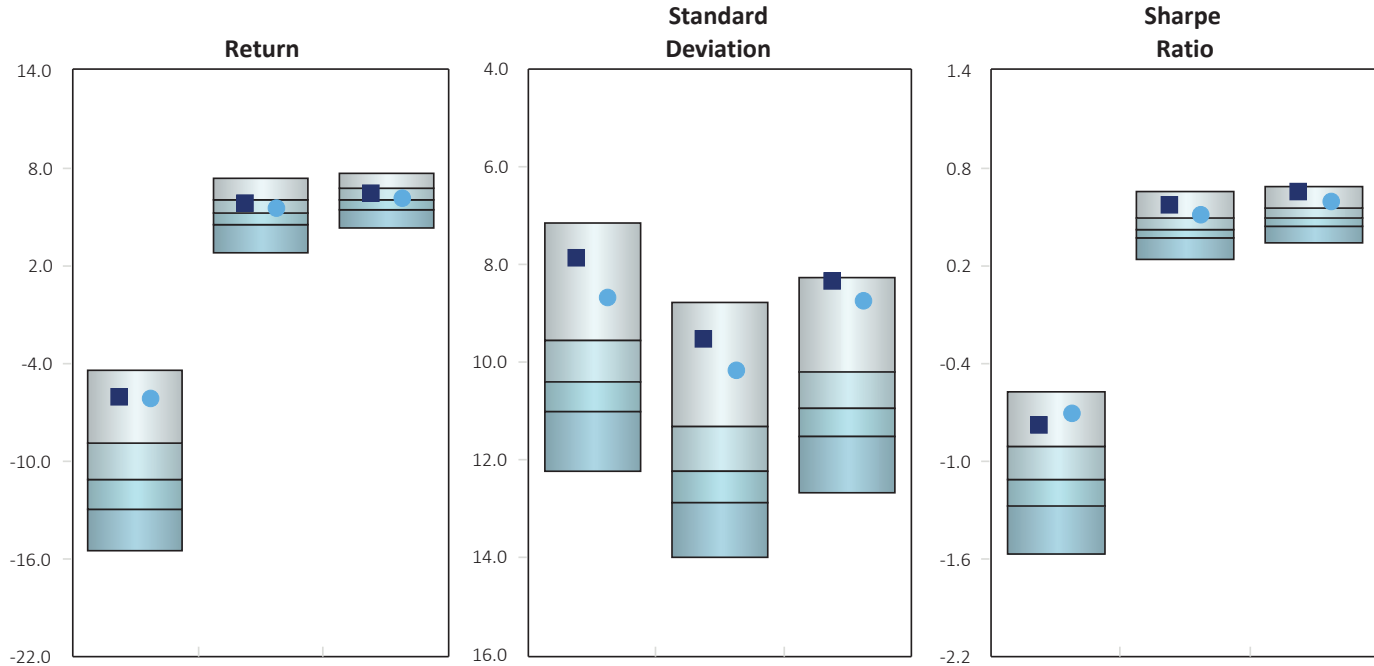
	<b>1 Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>1 Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>1 Year</b>	<b>3 Years</b>	<b>5 Years</b>
■ CERS Insurance Plan	-5.43 (7)	5.80 (32)	6.46 (36)	7.44 (6)	9.19 (6)	8.08 (4)	-0.73 (10)	0.59 (10)	0.67 (6)
● CERS IPS Index	-5.85 (8)	5.52 (43)	6.05 (53)	8.46 (12)	9.96 (9)	8.59 (6)	-0.69 (9)	0.52 (19)	0.59 (14)
5th Percentile	-4.36	7.38	7.70	7.16	8.77	8.27	-0.58	0.66	0.69
1st Quartile	-8.88	6.07	6.75	9.55	11.33	10.21	-0.91	0.49	0.56
Median	-11.09	5.28	6.12	10.40	12.23	10.96	-1.11	0.43	0.49
3rd Quartile	-12.94	4.51	5.48	11.02	12.90	11.53	-1.27	0.37	0.45
95th Percentile	-15.47	2.83	4.30	12.23	13.99	12.68	-1.57	0.24	0.34

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, 2022



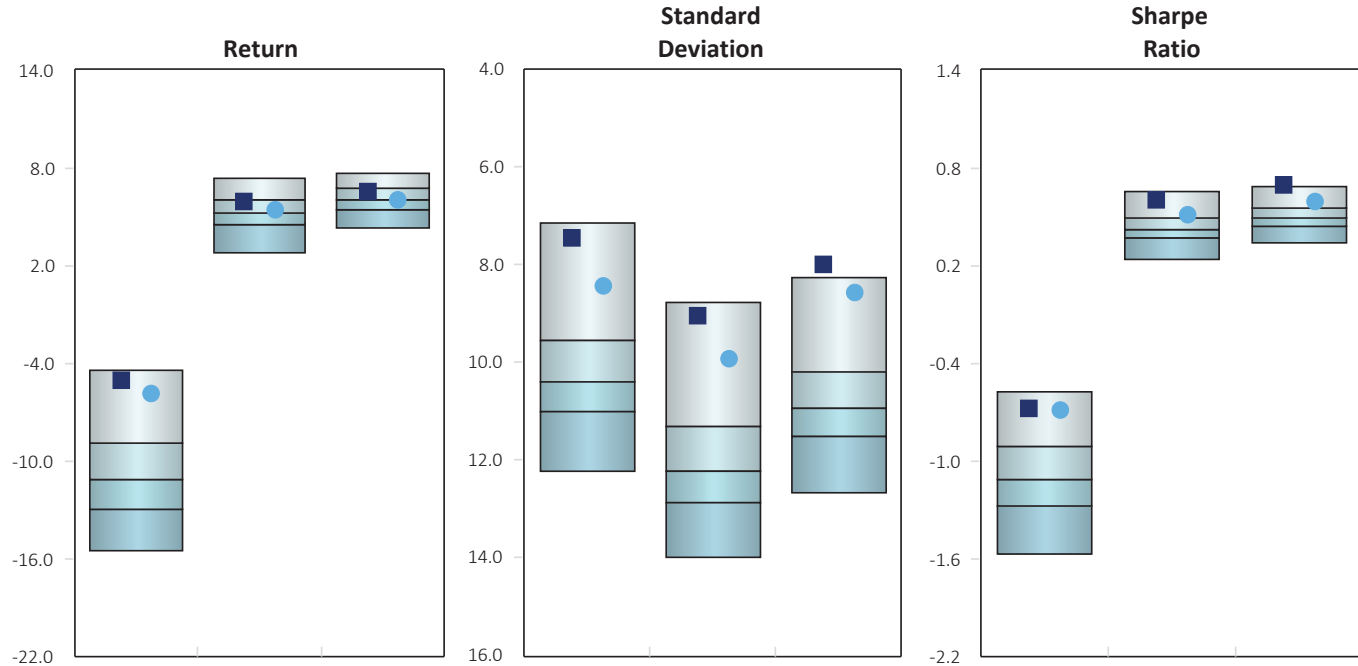
	1 Year	3 Years	5 Years	1 Year	3 Years	5 Years	1 Year	3 Years	5 Years
■ CERS (H) Pension Plan	-6.06 (9)	5.90 (29)	6.45 (36)	7.86 (8)	9.53 (6)	8.35 (5)	-0.78 (13)	0.58 (10)	0.65 (7)
● CERS (H) IPS Index	-6.14 (9)	5.57 (40)	6.14 (50)	8.67 (13)	10.17 (10)	8.75 (7)	-0.70 (9)	0.52 (20)	0.60 (14)
5th Percentile	-4.36	7.38	7.70	7.16	8.77	8.27	-0.58	0.66	0.69
1st Quartile	-8.88	6.07	6.75	9.55	11.33	10.21	-0.91	0.49	0.56
Median	-11.09	5.28	6.12	10.40	12.23	10.96	-1.11	0.43	0.49
3rd Quartile	-12.94	4.51	5.48	11.02	12.90	11.53	-1.27	0.37	0.45
95th Percentile	-15.47	2.83	4.30	12.23	13.99	12.68	-1.57	0.24	0.34

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, 2022



	1 Year	3 Years	5 Years	1 Year	3 Years	5 Years	1 Year	3 Years	5 Years
■ CERS (H) Insurance Plan	-4.99 (6)	5.97 (27)	6.60 (30)	7.45 (6)	9.06 (5)	8.00 (4)	-0.67 (8)	0.61 (7)	0.70 (5)
● CERS (H) IPS Index	-5.82 (8)	5.49 (44)	6.04 (54)	8.44 (12)	9.94 (8)	8.58 (6)	-0.69 (9)	0.52 (20)	0.59 (14)
5th Percentile	-4.36	7.38	7.70	7.16	8.77	8.27	-0.58	0.66	0.69
1st Quartile	-8.88	6.07	6.75	9.55	11.33	10.21	-0.91	0.49	0.56
Median	-11.09	5.28	6.12	10.40	12.23	10.96	-1.11	0.43	0.49
3rd Quartile	-12.94	4.51	5.48	11.02	12.90	11.53	-1.27	0.37	0.45
95th Percentile	-15.47	2.83	4.30	12.23	13.99	12.68	-1.57	0.24	0.34

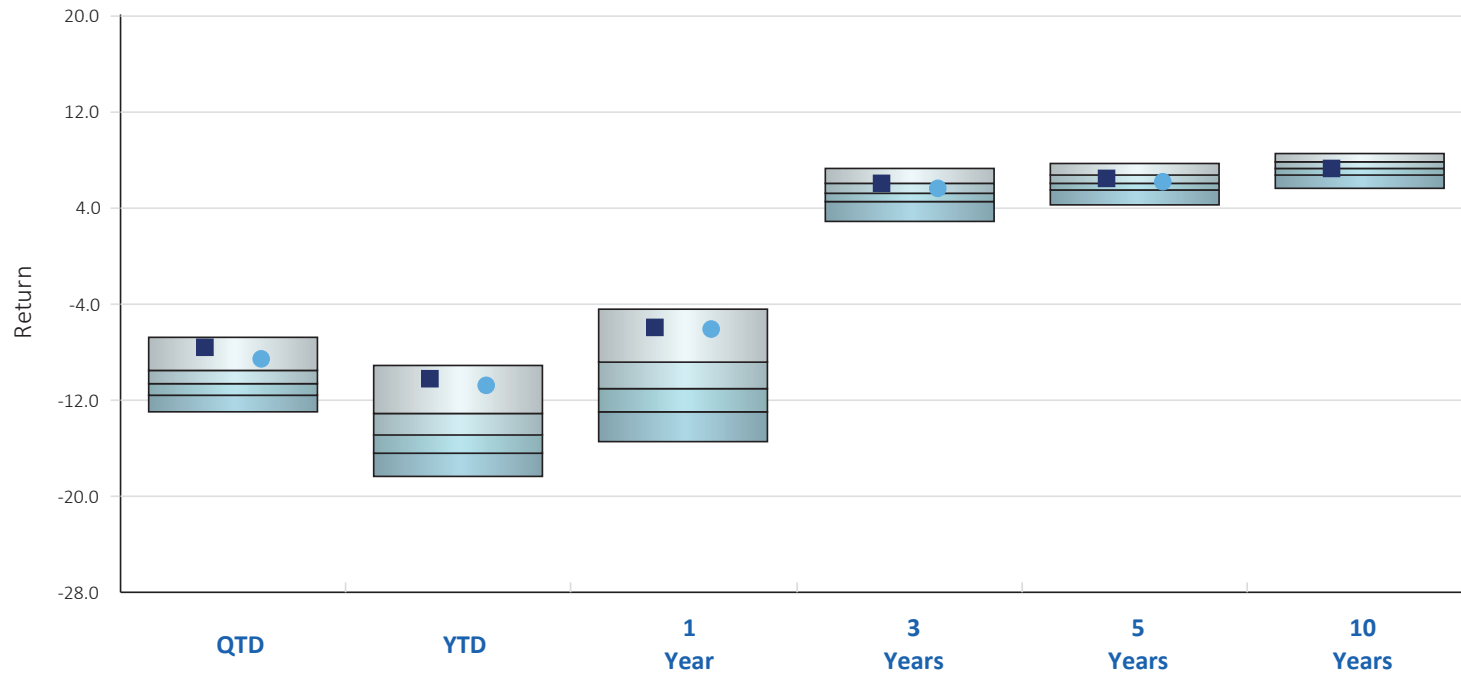
Parentheses contain percentile rankings.  
Calculation based on monthly periodicity.



# Plan Sponsor Peer Group Analysis

## CERS Pension Plan vs All Public Plans-Total Fund

Periods Ended June 30, 2022



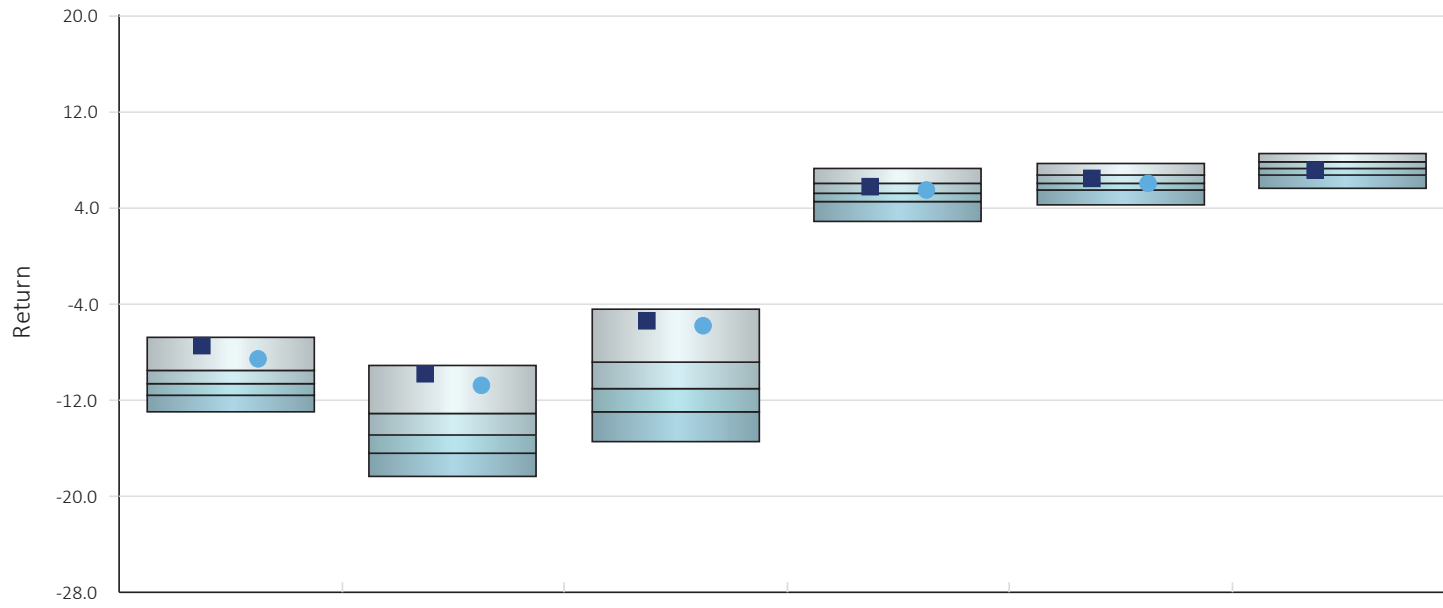
	<b>QTD</b>	<b>YTD</b>	<b>1 Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>
■ CERS Pension Plan	-7.61 (9)	-10.15 (8)	-5.90 (9)	6.04 (26)	6.52 (33)	7.32 (52)
● CERS IPS Index	-8.53 (15)	-10.75 (10)	-6.10 (9)	5.64 (38)	6.16 (49)	
5th Percentile	-6.76	-9.16	-4.36	7.38	7.70	8.61
1st Quartile	-9.45	-13.08	-8.88	6.07	6.75	7.92
Median	-10.61	-14.91	-11.09	5.28	6.12	7.35
3rd Quartile	-11.52	-16.47	-12.94	4.51	5.48	6.81
95th Percentile	-12.97	-18.38	-15.47	2.83	4.30	5.70
Population	540	539	536	516	497	412

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, 2022



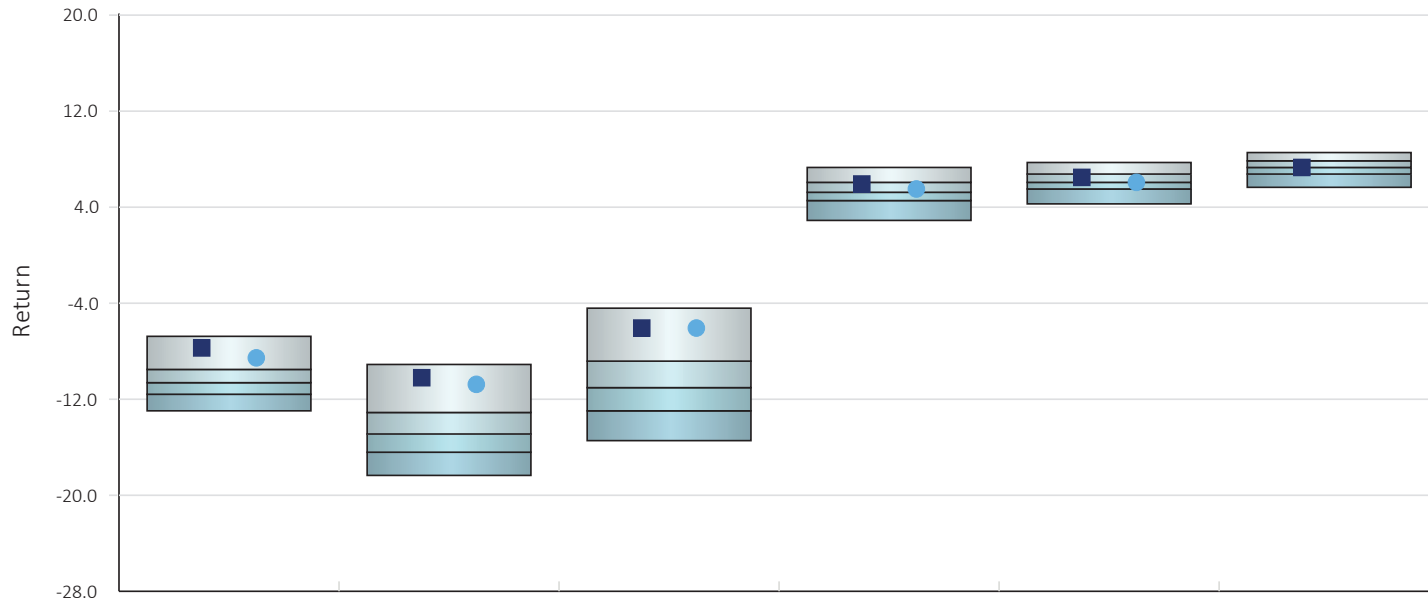
	<b>QTD</b>	<b>YTD</b>	<b>1 Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>
■ CERS Insurance Plan	-7.49 (8)	-9.79 (7)	-5.43 (7)	5.80 (32)	6.46 (36)	7.21 (58)
● CERS IPS Index	-8.49 (15)	-10.75 (10)	-5.85 (8)	5.52 (43)	6.05 (53)	
5th Percentile	-6.76	-9.16	-4.36	7.38	7.70	8.61
1st Quartile	-9.45	-13.08	-8.88	6.07	6.75	7.92
Median	-10.61	-14.91	-11.09	5.28	6.12	7.35
3rd Quartile	-11.52	-16.47	-12.94	4.51	5.48	6.81
95th Percentile	-12.97	-18.38	-15.47	2.83	4.30	5.70
Population	540	539	536	516	497	412

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, 2022



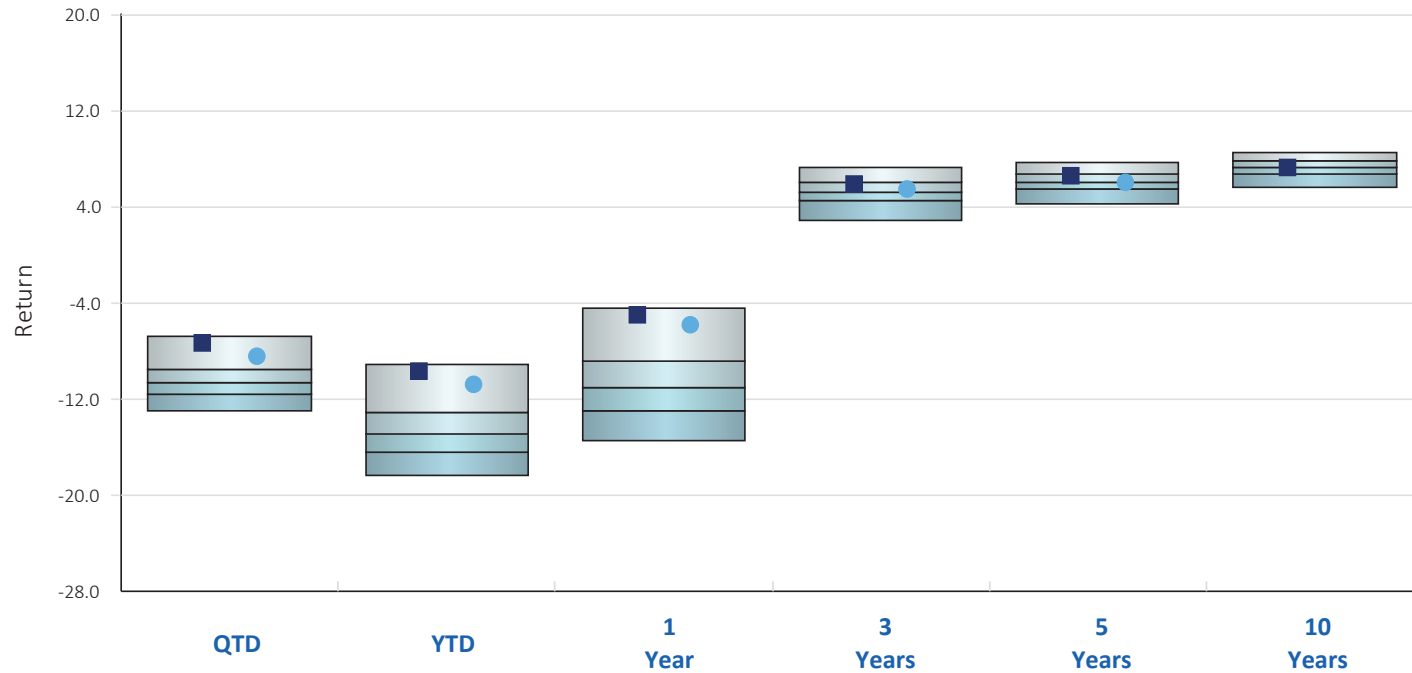
	<b>QTD</b>	<b>YTD</b>	<b>1 Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>
■ CERS (H) Pension Plan	-7.71 (9)	-10.27 (9)	-6.06 (9)	5.90 (29)	6.45 (36)	7.29 (53)
● CERS (H) IPS Index	-8.57 (15)	-10.79 (10)	-6.14 (9)	5.57 (40)	6.14 (50)	
5th Percentile	-6.76	-9.16	-4.36	7.38	7.70	8.61
1st Quartile	-9.45	-13.08	-8.88	6.07	6.75	7.92
Median	-10.61	-14.91	-11.09	5.28	6.12	7.35
3rd Quartile	-11.52	-16.47	-12.94	4.51	5.48	6.81
95th Percentile	-12.97	-18.38	-15.47	2.83	4.30	5.70
Population	540	539	536	516	497	412

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, 2022



	<b>QTD</b>	<b>YTD</b>	<b>1 Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>
■ CERS (H) Insurance Plan	-7.35 (8)	-9.59 (7)	-4.99 (6)	5.97 (27)	6.60 (30)	7.30 (53)
● CERS (H) IPS Index	-8.47 (15)	-10.72 (10)	-5.82 (8)	5.49 (44)	6.04 (54)	
5th Percentile	-6.76	-9.16	-4.36	7.38	7.70	8.61
1st Quartile	-9.45	-13.08	-8.88	6.07	6.75	7.92
Median	-10.61	-14.91	-11.09	5.28	6.12	7.35
3rd Quartile	-11.52	-16.47	-12.94	4.51	5.48	6.81
95th Percentile	-12.97	-18.38	-15.47	2.83	4.30	5.70
Population	540	539	536	516	497	412

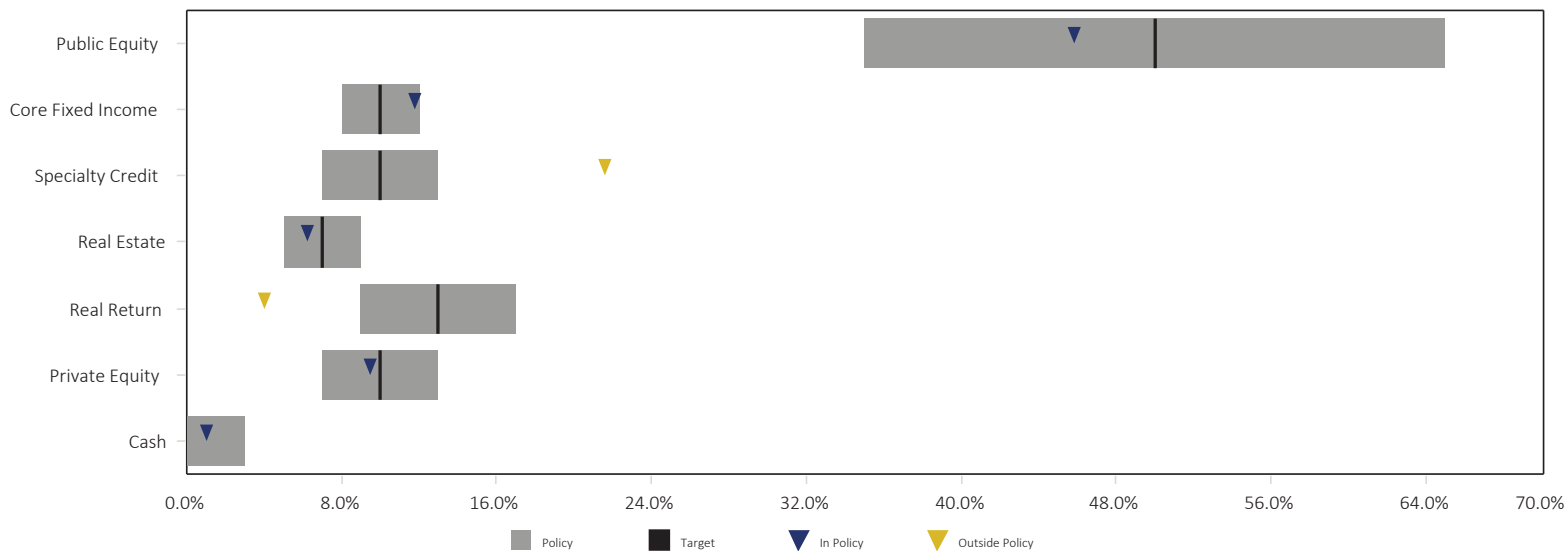
Parentheses contain percentile rankings.  
Calculation based on monthly periodicity.

# Asset Allocation Compliance

CERS Pension Plan

Periods Ended As of June 30, 2022

## Executive Summary



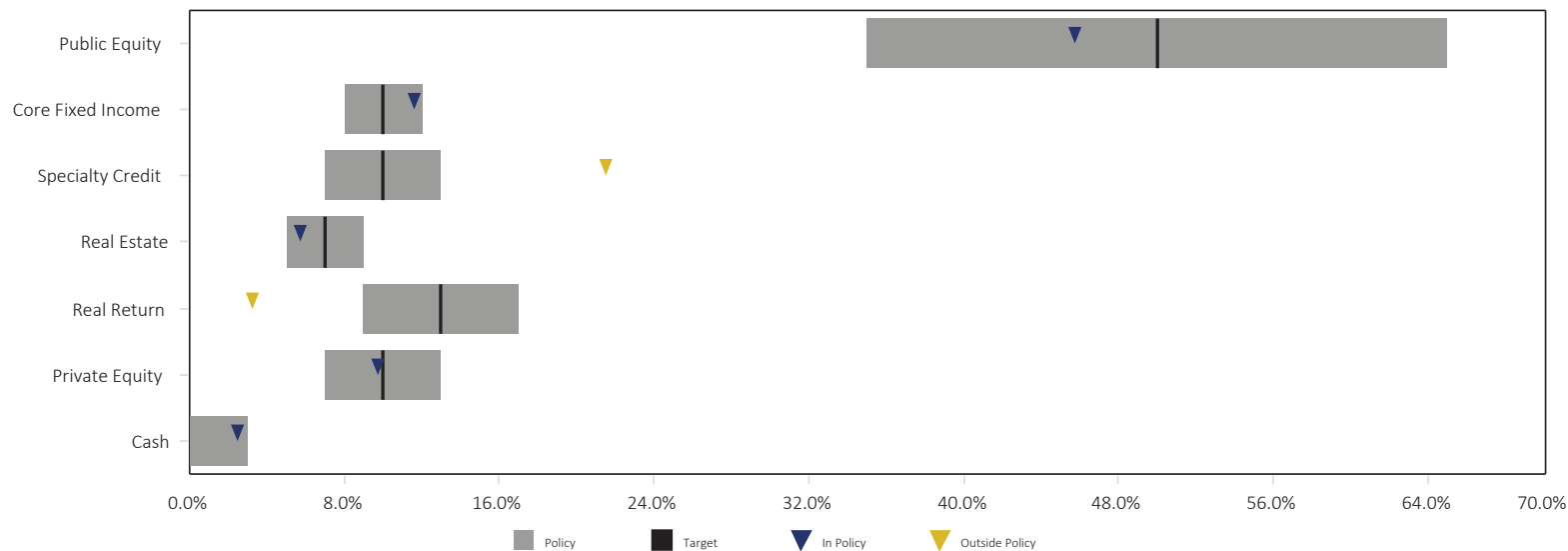
	Asset Allocation \$	Asset Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)	Target Allocation (%)	Target Rebalance \$
Public Equity	3,644,592,586	45.85	35.00	65.00	50.00	329,755,600
Core Fixed Income	937,469,270	11.79	8.00	12.00	10.00	-142,599,633
Specialty Credit	1,715,046,378	21.58	7.00	13.00	10.00	-920,176,741
Real Estate	494,606,975	6.22	5.00	9.00	7.00	61,801,771
Real Return	320,728,486	4.03	9.00	17.00	13.00	712,602,042
Private Equity	753,384,305	9.48	7.00	13.00	10.00	41,485,333
Cash	82,868,373	1.04	0.00	3.00	0.00	-82,868,373
<b>Total Fund</b>	<b>7,948,696,372</b>	<b>100.00</b>			<b>100.00</b>	

# Asset Allocation Compliance

CERS Insurance Plan

Periods Ended As of June 30, 2022

## Executive Summary



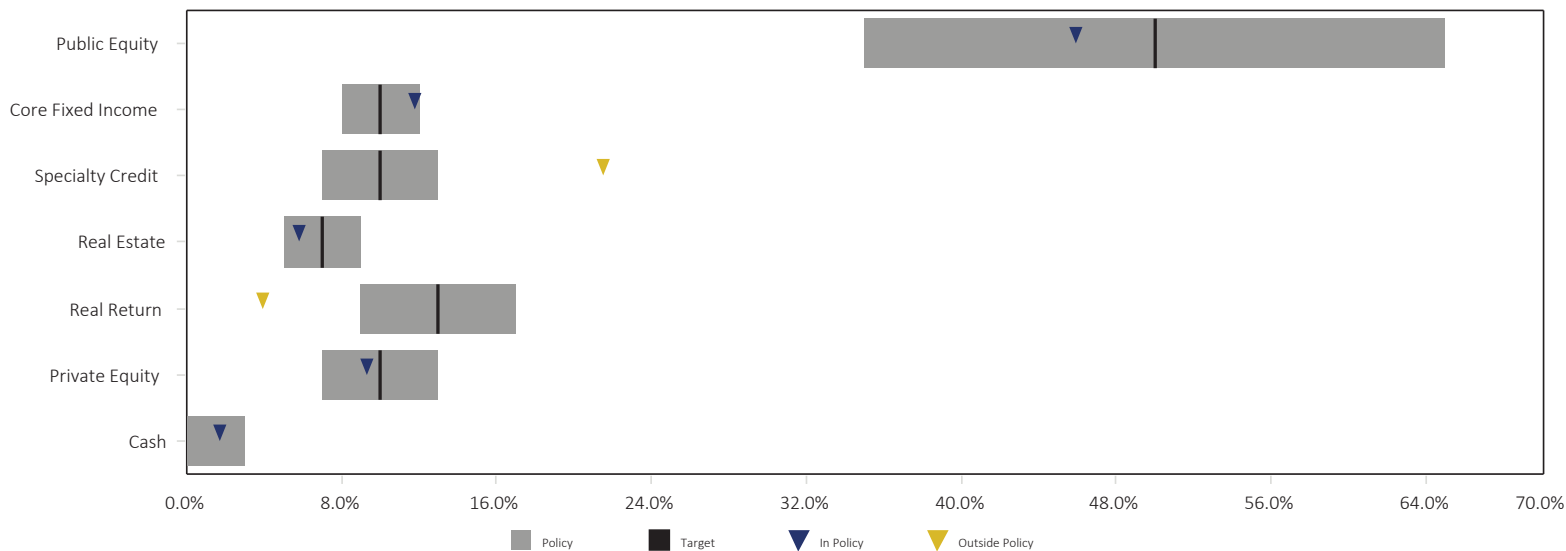
	Asset Allocation \$	Asset Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)	Target Allocation (%)	Target Rebalance \$
Public Equity	1,374,087,887	45.74	35.00	65.00	50.00	128,084,237
Core Fixed Income	347,800,786	11.58	8.00	12.00	10.00	-47,366,361
Specialty Credit	645,094,058	21.47	7.00	13.00	10.00	-344,659,633
Real Estate	171,044,446	5.69	5.00	9.00	7.00	39,259,651
Real Return	98,606,905	3.28	9.00	17.00	13.00	291,957,847
Private Equity	292,493,365	9.74	7.00	13.00	10.00	7,941,060
Cash	75,216,800	2.50	0.00	3.00	0.00	-75,216,800
Total Fund	3,004,344,247	100.00			100.00	

# Asset Allocation Compliance

CERS (H) Pension Plan

Periods Ended As of June 30, 2022

## Executive Summary



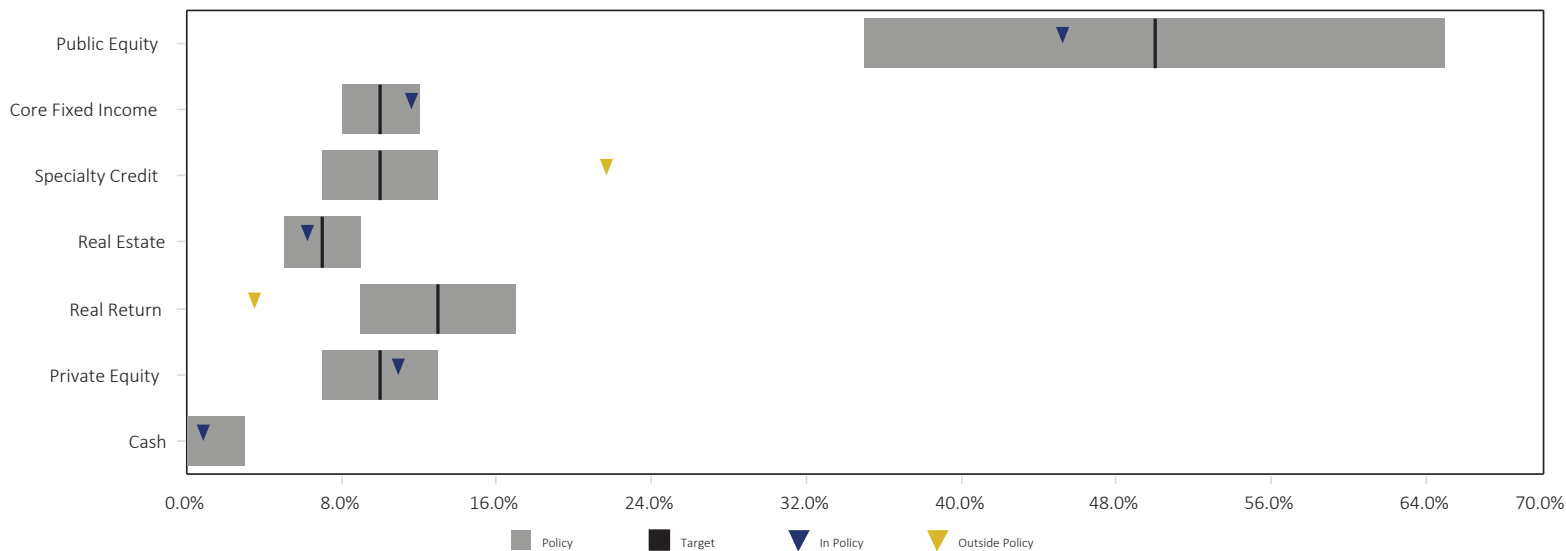
	Asset Allocation \$	Asset Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)	Target Allocation (%)	Target Rebalance \$
Public Equity	1,242,346,367	45.96	35.00	65.00	50.00	109,204,696
Core Fixed Income	317,542,965	11.75	8.00	12.00	10.00	-47,232,752
Specialty Credit	582,129,211	21.54	7.00	13.00	10.00	-311,818,998
Real Estate	157,477,647	5.83	5.00	9.00	7.00	31,739,502
Real Return	106,902,818	3.95	9.00	17.00	13.00	244,500,458
Private Equity	251,588,691	9.31	7.00	13.00	10.00	18,721,522
Cash	45,114,429	1.67	0.00	3.00	0.00	-45,114,429
<b>Total Fund</b>	<b>2,703,102,128</b>	<b>100.00</b>			<b>100.00</b>	

# Asset Allocation Compliance

CERS (H) Insurance Plan

Periods Ended As of June 30, 2022

## Executive Summary



	Asset Allocation \$	Asset Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)	Target Allocation (%)	Target Rebalance \$
Public Equity	682,688,757	45.26	35.00	65.00	50.00	71,576,735
Core Fixed Income	175,560,618	11.64	8.00	12.00	10.00	-24,707,520
Specialty Credit	327,061,717	21.68	7.00	13.00	10.00	-176,208,618
Real Estate	93,762,250	6.22	5.00	9.00	7.00	11,834,919
Real Return	52,461,558	3.48	9.00	17.00	13.00	143,647,470
Private Equity	164,729,188	10.92	7.00	13.00	10.00	-13,876,090
Cash	12,266,895	0.81	0.00	3.00	0.00	-12,266,895
<b>Total Fund</b>	<b>1,508,530,983</b>	<b>100.00</b>			<b>100.00</b>	



## Asset Allocation & Performance

### Insurance Plan Accounts

Periods Ended June 30, 2022

	Performance (%) net of fees								
	1 Month	QTD	YTD	FYTD	1 Year	3 Years	5 Years	Since Inception	Inception Date
<b>Public Equity</b>	<b>-8.54</b>	<b>-15.74</b>	<b>-21.31</b>					<b>-18.08</b>	<b>12/1/2021</b>
Public Equity Policy Index	-8.39	-15.53	-19.97					-16.74	
Value Added	-0.15	-0.21	-1.34					-1.34	
<b>US Equity Composite</b>	<b>-8.26</b>	<b>-16.25</b>	<b>-20.45</b>	<b>-13.35</b>	<b>-13.35</b>	<b>9.52</b>	<b>10.11</b>	<b>9.65</b>	<b>7/1/1992</b>
Russell 3000 Index	-8.37	-16.70	-21.10	-13.87	-13.87	9.77	10.60	9.85	
Value Added	0.11	0.45	0.65	0.52	0.52	-0.25	-0.49	-0.20	
<b>S&amp;P 500 Index</b>	<b>-8.12</b>	<b>-15.96</b>	<b>-19.82</b>	<b>-10.55</b>	<b>-10.55</b>	<b>10.91</b>	<b>11.57</b>	<b>8.04</b>	<b>7/1/2001</b>
S&P 500 Index	-8.25	-16.10	-19.96	-10.62	-10.62	10.60	11.31	7.61	
value added	0.13	0.14	0.14	0.07	0.07	0.31	0.26	0.43	
<b>Scientific Beta</b>	<b>-8.64</b>	<b>-13.28</b>	<b>-17.16</b>	<b>-9.82</b>	<b>-9.82</b>	<b>7.23</b>	<b>8.62</b>	<b>9.39</b>	<b>7/1/2016</b>
S&P 500 Index	-8.25	-16.10	-19.96	-10.62	-10.62	10.60	11.31	12.38	
Value Added	-0.39	2.82	2.80	0.80	0.80	-3.37	-2.69	-2.99	
<b>River Road FAV</b>	<b>-9.17</b>	<b>-15.07</b>	<b>-20.30</b>	<b>-19.31</b>	<b>-19.31</b>	<b>1.22</b>	<b>5.10</b>	<b>8.35</b>	<b>7/1/2016</b>
Russell 3000 Value Index	-8.81	-12.41	-13.15	-7.46	-7.46	6.82	7.01	8.49	
Value Added	-0.36	-2.66	-7.15	-11.85	-11.85	-5.60	-1.91	-0.14	
<b>Westfield Capital</b>	<b>-8.02</b>	<b>-20.75</b>	<b>-26.65</b>	<b>-20.35</b>	<b>-20.35</b>	<b>11.81</b>	<b>13.44</b>	<b>12.74</b>	<b>7/1/2011</b>
Russell 3000 Growth Index	-7.82	-20.83	-28.15	-19.78	-19.78	11.84	13.63	13.53	
Value Added	-0.20	0.08	1.50	-0.57	-0.57	-0.03	-0.19	-0.79	
<b>Internal US Mid Cap</b>	<b>-9.56</b>	<b>-15.31</b>	<b>-19.46</b>	<b>-14.53</b>	<b>-14.53</b>	<b>7.23</b>	<b>7.60</b>	<b>8.65</b>	<b>8/1/2014</b>
S&P MidCap 400 Index	-9.62	-15.42	-19.54	-14.64	-14.64	6.87	7.02	8.26	
Value Added	0.06	0.11	0.08	0.11	0.11	0.36	0.58	0.39	
<b>NTGI Structured</b>	<b>-7.79</b>	<b>-15.05</b>	<b>-20.13</b>	<b>-18.55</b>	<b>-18.55</b>	<b>6.37</b>	<b>6.95</b>	<b>9.62</b>	<b>7/1/2011</b>
Russell 2000 Index	-8.22	-17.20	-23.43	-25.20	-25.20	4.21	5.17	8.26	
Value Added	0.43	2.15	3.30	6.65	6.65	2.16	1.78	1.36	

## Asset Allocation & Performance

### Insurance Plan Accounts

Periods Ended June 30, 2022

	Performance (%) net of fees								
	1 Month	QTD	YTD	FYTD	1 Year	3 Years	5 Years	Since Inception	Inception Date
<b>Next Century Growth</b>	<b>-7.31</b>	<b>-23.99</b>	<b>-32.46</b>	<b>-30.24</b>	<b>-30.24</b>			<b>27.43</b>	<b>11/1/2019</b>
Russell Microcap Growth Index	-7.53	-22.40	-33.04	-43.98	-43.98			3.20	
Value Added	0.22	-1.59	0.58	13.74	13.74			24.23	
<b>Non-US Equity Composite</b>	<b>-8.91</b>	<b>-15.07</b>	<b>-22.03</b>	<b>-22.76</b>	<b>-22.76</b>	<b>1.39</b>	<b>3.09</b>	<b>2.22</b>	<b>4/1/2000</b>
MSCI ACWI ex US IMI (10/17)	-8.95	-14.28	-19.08	-19.86	-19.86	1.55	2.52	2.42	
Value Added	0.04	-0.79	-2.95	-2.90	-2.90	-0.16	0.57	-0.20	
<b>BlackRock World Ex US</b>	<b>-9.32</b>	<b>-14.52</b>	<b>-18.60</b>	<b>-16.59</b>	<b>-16.59</b>	<b>1.61</b>	<b>2.67</b>	<b>5.52</b>	<b>6/1/2012</b>
MSCI World ex US (11/19)	-9.41	-14.66	-18.76	-16.76	-16.76	1.48	2.58	5.43	
value added	0.09	0.14	0.16	0.17	0.17	0.13	0.09	0.09	
<b>American Century</b>	<b>-7.86</b>	<b>-18.52</b>	<b>-29.60</b>	<b>-28.81</b>	<b>-28.81</b>	<b>4.41</b>	<b>6.91</b>	<b>4.60</b>	<b>7/1/2014</b>
MSCI ACWI ex US IMI (10/17)	-8.95	-14.28	-19.08	-19.86	-19.86	1.55	2.50	2.03	
Value Added	1.09	-4.24	-10.52	-8.95	-8.95	2.86	4.41	2.57	
<b>Franklin Templeton</b>	<b>-10.07</b>	<b>-21.56</b>	<b>-33.31</b>	<b>-36.64</b>	<b>-36.64</b>	<b>-2.30</b>	<b>2.38</b>	<b>2.89</b>	<b>7/1/2014</b>
MSCI ACWI ex US IMI (10/17)	-8.95	-14.28	-19.08	-19.86	-19.86	1.55	2.50	2.03	
Value Added	-1.12	-7.28	-14.23	-16.78	-16.78	-3.85	-0.12	0.86	
<b>Lazard Asset Mgmt</b>	<b>-8.88</b>	<b>-12.49</b>	<b>-17.92</b>	<b>-19.68</b>	<b>-19.68</b>	<b>0.88</b>	<b>3.12</b>	<b>2.67</b>	<b>7/1/2014</b>
MSCI ACWI ex US IMI (10/17)	-8.95	-14.28	-19.08	-19.86	-19.86	1.55	2.50	2.03	
Value Added	0.07	1.79	1.16	0.18	0.18	-0.67	0.62	0.64	
<b>LSV Asset Mgmt</b>	<b>-9.52</b>	<b>-13.05</b>	<b>-15.68</b>	<b>-16.09</b>	<b>-16.09</b>	<b>0.72</b>	<b>1.40</b>	<b>1.51</b>	<b>7/1/2014</b>
MSCI ACWI ex US IMI (10/17)	-8.95	-14.28	-19.08	-19.86	-19.86	1.55	2.50	2.03	
Value Added	-0.57	1.23	3.40	3.77	3.77	-0.83	-1.10	-0.52	
<b>Axiom</b>	<b>-11.20</b>	<b>-20.07</b>	<b>-33.67</b>					<b>-30.63</b>	<b>12/1/2021</b>
MSCI AC World ex USA Small Cap (Net)	-11.04	-17.55	-22.92					-19.66	
Value Added	-0.16	-2.52	-10.75					-10.97	

## Asset Allocation & Performance

### Insurance Plan Accounts

Periods Ended June 30, 2022

	Performance (%) net of fees								
	1 Month	QTD	YTD	FYTD	1 Year	3 Years	5 Years	Since Inception	Inception Date
<b>JP Morgan Emerging Markets</b>	<b>-5.85</b>	<b>-12.33</b>	<b>-27.60</b>	<b>-35.02</b>	<b>-35.02</b>			<b>0.02</b>	<b>11/1/2019</b>
MSCI Emerging Markets IMI	-7.07	-11.98	-17.78	-24.45	-24.45			1.75	
Value Added	1.22	-0.35	-9.82	-10.57	-10.57			-1.73	
<b>Pzena Emerging Markets</b>	<b>-7.14</b>	<b>-10.29</b>	<b>-11.17</b>	<b>-15.08</b>	<b>-15.08</b>			<b>3.58</b>	<b>11/1/2019</b>
MSCI Emerging Markets (Net)	-6.65	-11.45	-17.63	-25.28	-25.28			0.72	
Value Added	-0.49	1.16	6.46	10.20	10.20			2.86	
<b>Private Equity Composite</b>	<b>1.17</b>	<b>3.09</b>	<b>9.33</b>	<b>30.31</b>	<b>30.31</b>	<b>18.14</b>	<b>16.73</b>	<b>11.45</b>	<b>7/1/2002</b>
KRS Short-Term PE Index	1.17	3.09	9.33	30.31	30.31	18.14	16.73	11.45	
Value Added	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Russell 3000 +3% 1 Quarter Lag	3.50	-4.58	5.05	15.28	15.28	21.79	18.86	12.65	
Value Added	-2.33	7.67	4.28	15.03	15.03	-3.65	-2.13	-1.20	
<b>Core Fixed Income Composite</b>	<b>-1.33</b>	<b>-2.33</b>	<b>-5.61</b>	<b>-5.67</b>	<b>-5.67</b>	<b>0.74</b>		<b>2.30</b>	<b>10/1/2018</b>
Blmbg. U.S. Aggregate	-1.57	-4.69	-10.35	-10.29	-10.29	-0.94		1.27	
Value Added	0.24	2.36	4.74	4.62	4.62	1.68		1.03	
<b>NISA</b>	<b>-1.34</b>	<b>-4.61</b>	<b>-10.19</b>	<b>-10.16</b>	<b>-10.16</b>	<b>-0.96</b>	<b>0.91</b>	<b>2.17</b>	<b>7/1/2011</b>
Blmbg. U.S. Aggregate	-1.57	-4.69	-10.35	-10.29	-10.29	-0.94	0.88	2.07	
Value Added	0.23	0.08	0.16	0.13	0.13	-0.02	0.03	0.10	
<b>Loomis Sayles Intrmd</b>	<b>-1.17</b>	<b>-2.90</b>	<b>-7.64</b>	<b>-8.14</b>	<b>-8.14</b>	<b>-0.05</b>		<b>1.12</b>	<b>2/1/2019</b>
Blmbg. U.S. Intermediate Aggregate	-1.27	-2.93	-7.48	-7.91	-7.91	-0.60		0.58	
Value Added	0.10	0.03	-0.16	-0.23	-0.23	0.55		0.54	
<b>Lord Abbett</b>	<b>-1.38</b>	<b>-1.79</b>	<b>-4.26</b>	<b>-4.21</b>	<b>-4.21</b>	<b>0.58</b>		<b>1.68</b>	<b>10/1/2018</b>
ICE BofAML 1-3 Year U.S. Corporate	-0.86	-1.02	-4.14	-4.50	-4.50	0.57		1.59	
Value Added	-0.52	-0.77	-0.12	0.29	0.29	0.01		0.09	

## Asset Allocation & Performance

### Insurance Plan Accounts

Periods Ended June 30, 2022

	Performance (%) net of fees								
	1 Month	QTD	YTD	FYTD	1 Year	3 Years	5 Years	Since Inception	Inception Date
<b>Specialty Credit Composite</b>	<b>-1.40</b>	<b>-1.61</b>	<b>-1.91</b>	<b>1.40</b>	<b>1.40</b>	<b>4.72</b>		<b>5.15</b>	<b>10/1/2018</b>
Specialty Credit Policy Index	-4.45	-7.13	-9.44	-7.86	-7.86	1.18		1.88	
Value Added	3.05	5.52	7.53	9.26	9.26	3.54		3.27	
<b>Adams St SPC II A</b>	<b>-2.86</b>	<b>14.16</b>	<b>14.16</b>	<b>21.24</b>	<b>21.24</b>			<b>17.27</b>	<b>6/1/2020</b>
<b>Adams St SPC II B</b>	<b>1.26</b>	<b>-2.99</b>	<b>-2.99</b>	<b>3.99</b>	<b>3.99</b>			<b>9.96</b>	<b>6/1/2020</b>
<b>Blue Torch</b>	<b>2.95</b>	<b>2.95</b>	<b>5.99</b>	<b>13.12</b>	<b>13.12</b>			<b>8.59</b>	<b>8/1/2020</b>
<b>BSP Coinvestment</b>	<b>1.59</b>	<b>1.59</b>	<b>3.26</b>	<b>6.06</b>	<b>6.06</b>			<b>6.44</b>	<b>10/1/2019</b>
S&P/LSTA Leverage Loan Index	-2.16	-4.45	-4.55	-2.77	-2.77			1.91	
Value Added	3.75	6.04	7.81	8.83	8.83			4.53	
<b>BSP Private Credit</b>	<b>1.46</b>	<b>1.46</b>	<b>3.52</b>	<b>10.00</b>	<b>10.00</b>	<b>7.68</b>		<b>6.12</b>	<b>2/1/2018</b>
S&P/LSTA Leverage Loan Index	-2.16	-4.45	-4.55	-2.77	-2.77	2.09		2.58	
Value Added	3.62	5.91	8.07	12.77	12.77	5.59		3.54	
<b>CapitalSpring</b>	<b>2.10</b>	<b>2.10</b>	<b>5.03</b>	<b>7.76</b>	<b>7.76</b>			<b>9.61</b>	<b>2/1/2020</b>
S&P/LSTA Leverage Loan Index	-2.16	-4.45	-4.55	-2.77	-2.77			1.22	
Value Added	4.26	6.55	9.58	10.53	10.53			8.39	
<b>Cerberus Capital Mgmt</b>	<b>0.97</b>	<b>2.81</b>	<b>5.83</b>	<b>15.84</b>	<b>15.84</b>	<b>11.89</b>	<b>10.45</b>	<b>9.75</b>	<b>9/1/2014</b>
S&P/LSTA Leverage Loan Index	-2.16	-4.45	-4.55	-2.77	-2.77	2.09	2.91	3.13	
Value Added	3.13	7.26	10.38	18.61	18.61	9.80	7.54	6.62	
<b>Columbia</b>	<b>-6.78</b>	<b>-9.72</b>	<b>-13.52</b>	<b>-12.08</b>	<b>-12.08</b>	<b>-0.19</b>	<b>1.99</b>	<b>4.96</b>	<b>11/1/2011</b>
Blmbg. U.S. Corp: High Yield	-6.73	-9.83	-14.19	-12.81	-12.81	0.21	2.10	4.92	
Value Added	-0.05	0.11	0.67	0.73	0.73	-0.40	-0.11	0.04	
<b>Manulife Asset Mgmt</b>	<b>-4.43</b>	<b>-7.23</b>	<b>-10.80</b>	<b>-10.75</b>	<b>-10.75</b>	<b>1.55</b>	<b>2.10</b>	<b>3.38</b>	<b>12/1/2011</b>
Policy Index	-2.00	-5.13	-10.93	-10.89	-10.89	-0.94	0.94	1.09	
Value Added	-2.43	-2.10	0.13	0.14	0.14	2.49	1.16	2.29	

## Asset Allocation & Performance

### Insurance Plan Accounts

Periods Ended June 30, 2022

	Performance (%) net of fees								
	1 Month	QTD	YTD	FYTD	1 Year	3 Years	5 Years	Since Inception	Inception Date
<b>Marathon Bluegrass</b>	<b>-0.77</b>	<b>0.16</b>	<b>-0.56</b>	<b>5.58</b>	<b>5.58</b>	<b>6.27</b>	<b>5.49</b>	<b>6.90</b>	<b>1/1/2016</b>
Blmbg. U.S. Corp: High Yield	-6.73	-9.83	-14.19	-12.81	-12.81	0.21	2.10	4.89	
Value Added	5.96	9.99	13.63	18.39	18.39	6.06	3.39	2.01	
<b>Shenkman Capital</b>	<b>-2.28</b>	<b>-4.39</b>	<b>-4.89</b>	<b>-3.37</b>	<b>-3.37</b>	<b>1.73</b>	<b>2.74</b>	<b>3.43</b>	<b>7/1/2011</b>
S&P/LSTA Leverage Loan Index	-2.16	-4.45	-4.55	-2.77	-2.77	2.09	2.91	3.72	
Value Added	-0.12	0.06	-0.34	-0.60	-0.60	-0.36	-0.17	-0.29	
<b>Waterfall</b>	<b>-2.59</b>	<b>-1.60</b>	<b>-1.83</b>	<b>2.58</b>	<b>2.58</b>	<b>2.37</b>	<b>4.97</b>	<b>7.93</b>	<b>7/1/2011</b>
Policy Index	-4.43	-6.34	-9.25	-8.44	-8.44	0.54	1.98	3.49	
Value Added	1.84	4.74	7.42	11.02	11.02	1.83	2.99	4.44	
<b>White Oak Yield Spectrum</b>	<b>1.58</b>	<b>1.58</b>	<b>3.23</b>	<b>5.86</b>	<b>5.86</b>	<b>6.06</b>		<b>5.41</b>	<b>3/1/2018</b>
S&P/LSTA Leverage Loan Index	-2.16	-4.45	-4.55	-2.77	-2.77	2.09		2.59	
Value Added	3.74	6.03	7.78	8.63	8.63	3.97		2.82	
<b>Arrowmark</b>	<b>0.72</b>	<b>1.36</b>	<b>3.12</b>	<b>9.44</b>	<b>9.44</b>	<b>8.67</b>		<b>8.96</b>	<b>6/1/2018</b>
S&P/LSTA Leverage Loan Index	-2.16	-4.45	-4.55	-2.77	-2.77	2.09		2.53	
Value Added	2.88	5.81	7.67	12.21	12.21	6.58		6.43	
<b>H/2 Credit Partner</b>	<b>0.00</b>	<b>0.00</b>	<b>5.07</b>	<b>1.32</b>	<b>1.32</b>	<b>2.40</b>	<b>1.83</b>	<b>4.36</b>	<b>7/1/2011</b>
<b>Mesa West Core Lend</b>	<b>1.17</b>	<b>1.17</b>	<b>2.75</b>	<b>4.37</b>	<b>4.37</b>	<b>6.12</b>	<b>6.39</b>	<b>6.36</b>	<b>5/1/2013</b>
<b>Mesa West IV</b>	<b>0.87</b>	<b>0.87</b>	<b>3.55</b>	<b>9.36</b>	<b>9.36</b>	<b>8.40</b>	<b>7.75</b>	<b>6.73</b>	<b>3/1/2017</b>
<b>Cash Composite</b>	<b>0.09</b>	<b>0.18</b>	<b>0.20</b>	<b>0.24</b>	<b>0.24</b>	<b>0.64</b>	<b>1.18</b>	<b>2.44</b>	<b>7/1/1992</b>
FTSE 3 Month T-Bill	0.07	0.14	0.17	0.19	0.19	0.61	1.09	2.31	
Value Added	0.02	0.04	0.03	0.05	0.05	0.03	0.09	0.13	
<b>Real Estate Composite</b>	<b>1.73</b>	<b>6.66</b>	<b>14.09</b>	<b>27.50</b>	<b>27.50</b>	<b>15.62</b>	<b>12.67</b>	<b>10.37</b>	<b>5/1/2009</b>
NCREIF ODCE NOF 1 Quarter Lag	7.14	7.14	15.34	27.26	27.26	10.30	8.90		
Value Added	-5.41	-0.48	-1.25	0.24	0.24	5.32	3.77		

## Asset Allocation & Performance

### Insurance Plan Accounts

Periods Ended June 30, 2022

	Performance (%) net of fees								
	1 Month	QTD	YTD	FYTD	1 Year	3 Years	5 Years	Since Inception	Inception Date
Baring	15.19	10.87	11.89	13.05	13.05	26.73		22.38	1/1/2019
Barings Euro RE II	-3.40	-6.99	0.65	22.95	22.95			-18.84	12/1/2020
Divcowest IV	1.10	1.10	20.28	39.10	39.10	18.04	16.00	19.83	3/1/2014
Fundamental Partners III	4.20	4.20	14.56	34.57	34.57	22.38	15.87	15.68	5/1/2017
Greenfield Acq VI	-1.43	-1.43	-12.08	-41.46	-41.46	-46.10	-35.75	-16.45	12/1/2012
Greenfield Acq VII	1.59	1.59	18.03	35.54	35.54	22.21	18.61	15.48	7/1/2014
Harrison Street	0.00	2.57	5.31	9.78	9.78	7.13	7.58	7.81	5/1/2012
Lubert Adler VII	4.91	4.91	9.94	13.32	13.32	-2.62	3.08	-0.60	7/1/2014
Lubert Adler VII B	5.87	5.87	14.27	58.20	58.20	25.00	15.97	15.97	7/1/2017
Patron Capital	0.87	-2.89	6.22	21.29	21.29	8.02	12.61	5.32	8/1/2016
Prologis Targeted US	0.00	11.93	27.17	58.83	58.83	27.10	23.25	19.79	10/1/2014
Rubenstein PF II	0.22	0.22	3.85	4.97	4.97	-1.03	4.55	8.35	7/1/2013
Stockbridge Sm/Mkts	2.60	13.34	20.34	29.23	29.23	14.26	11.89	11.06	5/1/2014
Walton St RE VI	2.42	2.42	10.99	16.55	16.55	2.71	3.93	-12.38	5/1/2009
Walton St RE VII	-1.52	-1.52	0.53	8.10	8.10	-3.31	-0.24	5.77	7/1/2013
<b>Real Return Composite</b>	<b>-1.96</b>	<b>-0.90</b>	<b>-1.27</b>	<b>2.26</b>	<b>2.26</b>	<b>5.15</b>	<b>4.44</b>	<b>4.03</b>	<b>7/1/2011</b>
Real Return (I)	-1.96	-0.90	-1.27	2.26	2.26	5.15	4.20	3.49	
Value Added	0.00	0.00	0.00	0.00	0.00	0.00	0.24	0.54	
<b>Putnam</b>	<b>0.11</b>	<b>0.09</b>	<b>-5.65</b>	<b>-1.46</b>	<b>-1.46</b>			<b>11.48</b>	<b>7/1/2020</b>
Policy Index	-5.99	-12.01	-16.81	-12.71	-12.71			4.34	
Value Added	6.10	12.10	11.16	11.25	11.25			7.14	

## Asset Allocation & Performance

### Insurance Plan Accounts

Periods Ended June 30, 2022

	Performance (%) net of fees								
	1 Month	QTD	YTD	FYTD	1 Year	3 Years	5 Years	Since Inception	Inception Date
Tortoise Capital	-13.71	-9.85	11.13	10.34	10.34	0.96	0.34	8.22	8/1/2009
Alerian MLP Index	-13.95	-7.38	10.04	4.33	4.33	0.07	-0.29	5.36	
Value Added	0.24	-2.47	1.09	6.01	6.01	0.89	0.63	2.86	
Amerra AGRI Fund II	4.40	4.40	11.51	16.51	16.51	11.17	5.88	5.93	12/1/2012
Amerra AGRI Holdings	2.85	2.85	1.09	1.68	1.68	-0.92	-1.95	-1.26	8/1/2015
BTG Pactual	14.63	14.63	10.55	29.96	29.96	4.09	1.81	-2.96	12/1/2014
IFM Infrastructure	0.96	0.96	2.13	6.95	6.95	4.21		4.21	7/1/2019
Magnetar MTP EOF II	122.95	122.95	181.65	227.21	227.21	68.80	40.12	27.73	8/1/2015
Oberland Capital	1.98	1.98	3.92	13.53	13.53	20.03		14.50	8/1/2018
Taurus Mine Finance	29.76	29.76	43.97	57.56	57.56	10.66	11.09	12.97	4/1/2015
TPF II	-0.08	-0.08	36.67	36.24	36.24	6.32	6.35	-0.34	10/1/2008
Blackstone Strat Opp	2.52	2.31	3.54	6.26	6.26	-4.07		-1.75	8/1/2017
Luxor Capital	-0.04	0.72	0.43	10.39	10.39	-9.01	1.42	-0.42	4/1/2014
Myriad Opportunities	-0.19	-0.39	-43.04	-58.09	-58.09	-20.37	-13.00	-9.14	5/1/2016
Pine River	-2.83	-13.30	-13.28	-12.81	-12.81	3.30	3.77	2.30	5/1/2014
PRISMA Capital	0.15	0.06	-0.22	-0.62	-0.62	-0.04	1.41	2.54	9/1/2011
SRS Partners US	0.00	0.00	0.00	-0.57	-0.57	8.03		9.21	8/1/2017
Tricadia Select	0.00	0.00	0.00	0.00	0.00	0.35		-5.15	9/1/2017

Kentucky Public Pensions Authority

## CERS & CERS-Hazardous Unit Holdings

Quarter Ending: June 30, 2022



CERS Board Meeting - Investment Committee Report

Kentucky Public Pensions Authority				
Pension: CERS & CERS-H Unit Holdings				
Quarter Ended June 30, 2022				
UNIT OF PARTICIPATION	CERS		CERS-H	
	Shares/Par	Base Market Value	Shares/Par	Base Market Value
Grand Total	45,540,155.675	7,949,387,948.24	15,570,414.587	2,703,833,961.58
KRS ABSOLUTE RETURN UNIT	467,595.113	56,993,008.03	148,117.308	18,053,334.37
KRS ADAMS STREET A1 UNIT	431,354.751	61,504,250.88	145,447.879	20,738,528.60
KRS ADAMS STREET B1 UNIT	473,476.118	56,586,334.44	159,650.722	19,080,263.62
KRS AMERRA AGRI UNIT	344,821.703	30,708,338.83	108,871.494	9,695,627.33
KRS AMERRA UNIT	85,211.859	14,574,643.44	26,904.170	4,601,691.47
KRS ARROWMARK UNIT	1,387,072.461	261,472,016.74	458,544.662	86,438,597.05
KRS BLACKROCK UNIT	3,038,447.035	452,173,009.94	1,044,936.558	155,504,474.22
KRS BLUE TORCH UNIT	482,295.226	67,077,071.66	162,844.338	22,648,205.38
KRS BNYM CUSTODY FEE UNIT	-148,095.456	-148,095.46	-50,400.644	-50,400.64
KRS BTG UNIT	229,449.493	16,275,302.49	73,532.058	5,215,773.07
KRS CASH UNIT	861,040.433	83,081,699.25	468,308.423	45,187,029.63
KRS DB PRIVATE EQ UNIT	20,274.379	6,970,421.11	5,836.850	2,006,734.83
KRS DIVCOWEST IV UNIT	1,775.028	962,741.58	553.116	299,999.65
KRS DOMESTIC EQUITY UNIT	2,721,493.470	621,278,425.57	912,179.501	208,237,664.53
KRS GLOBAL FIXED UNIT	1,516,523.832	191,333,500.11	505,525.703	63,780,073.95
KRS GREENFIELD UNIT	3,105.533	47,157.17	967.716	14,694.66
KRS GREENFIELD VII UNIT	14,397.227	4,114,348.74	4,486.322	1,282,072.81
KRS HARRISON UNIT	639,390.832	135,154,244.81	199,992.765	42,274,411.47
KRS IFM INFRAST DEBT UNIT	240,796.093	33,005,078.16	82,923.430	11,366,024.48
KRS INTERNAL EQUITY UNIT	5,605,485.833	1,527,949,746.64	1,924,929.586	524,699,510.60
KRS INTERNATIONAL EQUITY UNIT	7,034,854.733	1,054,457,808.94	2,386,913.472	357,775,625.13
KRS L-A VII UNIT	162,606.800	14,805,187.83	50,681.135	4,614,467.07
KRS LIQUID CORE FIXED UNIT	7,581,810.521	938,856,862.98	2,568,138.141	318,012,974.88
KRS LIQUID CREDIT FIXED UNIT	44,070.529	3.35	13,249.620	1.01
KRS LIQUID HY FI UNIT	1,362,544.295	196,531,392.98	540,558.908	77,969,424.97
KRS MAGNETAR MTP UNIT	319.749	70,440.88	101.107	22,273.93
KRS MESA WEST CORE UNIT	209,375.384	37,083,596.30	65,994.801	11,688,692.87
KRS MESA WEST IV UNIT	58,403.570	5,774,409.91	18,467.815	1,825,928.35
KRS MULTI SECTOR CREDIT FI	1,492,072.539	255,734,005.59	490,250.072	84,026,487.57
KRS OBERLAND UNIT	77,018.591	5,262,802.47	24,044.815	1,643,020.34
KRS PE 2010 UNIT	640,719.204	238,115,794.47	199,450.640	74,123,496.38
KRS PE 2011 UNIT	189,471.640	65,377,912.78	91,610.401	31,610,518.63
KRS PE 2012 A UNIT	10,384.628	7,064,348.43	2,891.166	1,966,772.81
KRS PE 2012 B UNIT	90,823.793	13,031,518.07	25,286.123	3,628,086.41
KRS PE 2013 UNIT	339,882.725	125,722,281.79	116,008.526	42,911,438.34
KRS PE 2014 UNIT	236,569.932	36,624,694.67	80,745.878	12,500,714.28
KRS PE 2015 UNIT	180,977.717	40,635,757.12	61,771.184	13,869,767.35
KRS PE 2016 UNIT	361,023.456	87,420,209.96	112,441.669	27,227,245.62
KRS PE 2017 UNIT	181,417.122	27,425,525.51	56,502.903	8,541,761.61
KRS PE 2018 UNIT	242,194.540	44,979,279.37	75,611.955	14,042,311.80
KRS PE 2019 UNIT	213,621.441	38,972,927.15	66,691.572	12,167,157.78
KRS PE 2021 UNIT	226,692.228	23,797,628.48	76,857.271	8,068,299.46
KRS PERIMETER PARK UNIT	18,378.971	1,682,459.91	20,009.261	1,831,701.00
KRS POST-2015 REAL ESTATE UNIT	673,340.167	95,583,847.86	212,917.151	30,224,604.99
KRS PRIVATE CREDIT FI UNIT	1,662,301.993	303,683,615.57	550,560.625	100,581,147.04
KRS PROLOGIS UNIT	589,178.846	144,360,497.74	186,304.513	45,648,299.17
KRS REAL RETURN UNIT	1,098,041.491	156,900,973.59	378,134.744	54,032,302.03
KRS RUBENSTEIN PF II UNIT	55,450.515	11,365,110.61	17,278.945	3,541,484.17
KRS SHENKMAN UNIT	827,374.704	122,791,173.76	278,874.807	41,387,976.60
KRS STOCKBRIDGE UNIT	280,090.753	63,957,436.99	89,313.398	20,394,304.22
KRS TAURUS UNIT	9,727.063	1,802,142.12	3,320.035	615,106.01
KRS TPF II UNIT	351.766	38,676.59	117.591	12,929.10
KRS WALTON VI UNIT	38,991.717	6,364,625.02	13,784.580	2,250,059.49
KRS WALTON VII UNIT	39,962.067	6,710,564.36	12,452.591	2,091,080.86
KRS WATERFALL UNIT	894,199.522	155,289,190.96	298,925.215	51,912,189.23

CERS Board Meeting - Investment Committee Report

Kentucky Public Pensions Authority				
Insurance: CERS & CERS-H Unit Holdings				
Quarter Ended June 30, 2022				
UNIT OF PARTICIPATION	CERS INS		CERS-H INS	
	Shares/Par	Base Market Value	Shares/Par	Base Market Value
Grand Total	24,812,925.415	3,001,698,698.09	12,519,066.108	1,506,661,897.03
KR3 ARROWMARK UNIT	554,115.798	105,576,828.35	301,875.792	57,517,018.63
KRS INS PE 2014 UNIT	105,061.987	16,287,998.97	56,827.225	8,810,054.03
KRS INS ABSOLUTE RETURN UNIT	152,155.110	18,556,528.80	85,247.494	10,396,611.57
KRS INS ADAMS STREET A1 UNIT	151,033.641	21,534,968.59	79,790.505	11,376,842.98
KRS INS ADAMS STREET B1 UNIT	165,781.946	19,813,020.96	87,581.972	10,467,143.67
KRS INS AMERRA AGRI UNIT	124,728.731	11,108,831.96	68,856.212	6,132,605.40
KRS INS AMERRA UNIT	22,991.781	3,948,980.25	12,692.561	2,180,025.66
KRS INS BLACKROCK UNIT	3,237,957.534	192,556,817.60	1,610,309.295	95,762,847.39
KRS INS BLUE TORCH UNIT	168,732.244	23,467,088.82	88,690.812	12,335,017.38
KRS INS BNYM CUSTODY FEE UNIT	-75,544.247	-75,544.25	-38,065.260	-38,065.26
KRS INS BTG UNIT	67,509.329	4,788,569.02	37,092.810	2,631,065.72
KRS INS CASH UNIT	737,176.854	75,325,743.09	120,588.187	12,321,866.52
KRS INS DB PRIVATE EQ UNIT	36,465.299	12,526,660.52	19,703.276	6,768,523.95
KRS INS DIVCOWEST IV UNIT	514.258	280,514.45	279.422	152,417.48
KRS INS DOMESTIC EQUITY UNIT	1,003,196.103	229,039,459.50	503,047.499	114,850,652.76
KRS INS GLOBAL FIXED UNIT	477,865.514	59,252,689.74	260,493.952	32,299,814.21
KRS INS GREENFIELD UNIT	903.324	13,652.41	490.809	7,417.85
KRS INS GREENFIELD VII UNIT	4,161.506	1,189,303.51	2,261.100	646,192.55
KRS INS HARRISON UNIT	244,840.322	50,612,936.45	133,920.349	27,683,765.72
KRS INS IFM INFRAST DEBT UNIT	85,380.549	11,557,013.44	43,990.948	5,954,564.40
KRS INS INTERNAL EQUITY UNIT	2,106,568.318	575,487,466.70	1,030,045.245	281,395,159.87
KRS INS INTL EQ UNIT	2,575,482.036	381,429,893.97	1,302,360.764	192,880,137.07
KRS INS L-A-VII UNIT	46,998.247	4,280,163.16	25,536.322	2,325,610.67
KRS INS LIQUID CORE FIXED UNIT	2,837,692.780	348,637,584.21	1,432,392.105	175,983,012.20
KRS INS LIQUID CREDIT FIXED UN	5,562,779.296	5.56	2,995,343.950	3.00
KRS INS LIQUID HY FI UNIT	647,229.402	90,957,392.45	252,089.170	35,426,965.31
KRS INS MAGNETAR MTP	95.017	21,086.92	52.560	11,664.53
KRS INS MESA WEST CORE UNIT	117,798.214	20,451,567.67	65,081.046	11,299,062.79
KRS INS MESA WEST IV UNIT	19,169.754	1,831,566.36	10,519.985	1,005,127.70
KRS INS MULTI SECTOR CREDIT FI	531,206.774	89,652,068.44	290,366.710	49,005,354.28
KRS INS OBERLAND UNIT	14,583.474	1,029,152.86	7,929.142	559,557.97
KRS INS PE 2010 UNIT	73,389.576	26,446,287.60	39,284.939	14,156,517.20
KRS INS PE 2011 UNIT	128,246.364	45,897,623.24	76,760.666	27,471,594.66
KRS INS PE 2012 A UNIT	3,294.037	2,248,220.82	1,781.717	1,216,043.80
KRS INS PE 2012 B UNIT	37,429.393	5,395,549.78	19,866.805	2,863,854.49
KRS INS PE 2013 UNIT	185,283.665	68,455,796.86	100,218.531	37,027,222.02
KRS INS PE 2015 UNIT	104,019.145	23,206,962.92	56,263.186	12,552,474.56
KRS INS PE 2016 UNIT	208,756.157	50,547,435.94	126,060.497	30,523,817.78
KRS INS PE 2017 UNIT	105,470.447	15,857,790.00	63,689.742	9,575,938.87
KRS INS PE 2018 UNIT	51,347.592	9,811,475.85	27,918.098	5,334,578.19
KRS INS PE 2019 UNIT	22,329.779	4,073,826.12	11,909.211	2,172,706.45
KRS INS PE 2021 UNIT	85,665.050	8,983,259.64	44,077.796	4,622,215.08
KRS INS POST-2015 REAL ESTATE	233,671.920	33,051,433.57	128,234.553	18,137,976.57
KRS INS PRIVATE CREDIT FI UNIT	584,942.207	105,221,328.66	319,021.849	57,386,699.78
KRS INS PROLOGIS UNIT	116,933.241	45,606,312.36	64,170.682	25,027,854.72
KRS INS REAL RETURN UNIT	317,287.904	45,336,679.08	163,511.532	23,363,859.00
KRS INS RUBENSTEIN PF II UNIT	16,254.663	3,311,434.78	8,831.949	1,799,263.58
KRS INS SHENKMAN UNIT	327,784.505	48,215,180.85	121,449.891	17,864,567.63
KRS INS STOCKBRIDGE UNIT	117,767.220	26,775,534.18	64,874.850	14,749,934.35
KRS INS TAURUS UNIT	3,564.318	661,660.26	1,927.913	357,887.09
KRS INS TPF II UNIT	37.089	4,077.95	19.666	2,162.28
KRS INS WALTON VI UNIT	3,937.153	638,827.80	2,109.889	342,342.74
KRS INS WALTON VII UNIT	11,569.549	1,942,796.78	6,286.161	1,055,592.86
KRS INS WATERFALL UNIT	349,313.546	58,869,192.57	183,404.026	30,908,755.33



KENTUCKY PUBLIC PENSIONS AUTHORITY						
Investment Fees and Expenses						
For the Period Ended June 30, 2022						
Pension						
	2022			2021		
	FYTD Fees	% of MV	Market Value	FYTD Fees	% of MV	Market Value
<b>Core Fixed Income</b>	<b>2,679,055</b>	<b>0.13%</b>	<b>2,126,730,865</b>	<b>2,648,483</b>	<b>0.11%</b>	<b>2,380,760,174</b>
Investment Advisory Fees	2,284,025			2,579,704		
Performance Fees	327,140					
Miscellaneous Fees and Expenses	67,891			68,779		
<b>Opportunistic</b>				<b>4,233,292</b>	<b>1.05%</b>	<b>404,068,655</b>
Investment Advisory Fees	Absolute Return was merged with Specialty Credit in December 2021					
Performance Fees				4,233,292		
Miscellaneous Fees and Expenses						
<b>Private Equity</b>	<b>59,843,619</b>	<b>4.64%</b>	<b>1,289,931,630</b>	<b>58,785,850</b>	<b>4.76%</b>	<b>1,236,163,938</b>
Investment Advisory Fees	7,269,395			8,081,476		
Performance Fees	47,992,035			48,458,818		
Miscellaneous Fees and Expenses	4,582,189			2,245,555		
<b>Public Equity</b>	<b>14,055,871</b>	<b>0.22%</b>	<b>6,283,684,703</b>	<b>12,690,120</b>	<b>0.18%</b>	<b>6,952,113,563</b>
Investment Advisory Fees	13,773,772			12,466,655		
Miscellaneous Fees and Expenses	282,099			223,465		
<b>Real Estate</b>	<b>34,875,097</b>	<b>3.95%</b>	<b>882,758,681</b>	<b>9,191,005</b>	<b>1.51%</b>	<b>610,213,834</b>
Investment Advisory Fees	5,759,527			4,772,617		
Performance Fees	25,779,317			2,414,707		
Miscellaneous Fees and Expenses	3,336,253			2,003,680		
<b>Real Return</b>	<b>4,923,027</b>	<b>0.88%</b>	<b>560,575,289</b>	<b>8,313,392</b>	<b>0.80%</b>	<b>1,033,884,979</b>
Investment Advisory Fees	3,237,685			4,663,221		
Performance Fees	1,326,636			3,021,470		
Miscellaneous Fees and Expenses	358,707			628,701		
<b>Specialty Credit Fixed Income</b>	<b>50,984,092</b>	<b>1.62%</b>	<b>3,140,978,211</b>	<b>39,879,279</b>	<b>1.51%</b>	<b>2,644,455,055</b>
Investment Advisory Fees	18,167,989			15,415,716		
Performance Fees	23,790,103			20,000,966		
Miscellaneous Fees and Expenses	9,025,999			4,462,596		
<b>Cash</b>	<b>4,556,958</b>	<b>0.63%</b>	<b>718,023,703</b>	<b>4,248,561</b>	<b>0.81%</b>	<b>526,326,268</b>
Consulting	875,347			170,082		
Trustee	1,642,189			102,417		
Miscellaneous Fees and Expenses	2,039,422			3,976,063		
*FY21 Real Estate fees reflects adjustments for FY 2020*						
<b>Total Investment Mgmt Fees</b>	<b>171,917,719</b>	<b>1.15%</b>	<b>15,002,683,081</b>	<b>139,989,982</b>	<b>0.89%</b>	<b>15,787,986,466</b>

KENTUCKY PUBLIC PENSIONS AUTHORITY						
Investment Fees and Expenses						
For the Period Ended June 30, 2022						
Insurance						
	2022			2021		
	FYTD Fees	% of MV	Market Value	FYTD Fees	% of MV	Market Value
<b>Core Fixed Income</b>	<b>1,025,837</b>	<b>0.13%</b>	<b>783,771,227</b>	<b>1,050,510</b>	<b>0.12%</b>	<b>865,995,148</b>
Investment Advisory Fees	884,381			995,622		
Performance Fees	117,337			28,448		
Miscellaneous Fees and Expenses	24,118			26,440		
<b>Opportunistic</b>				<b>2,155,619</b>	<b>1.05%</b>	<b>205,754,247</b>
Investment Advisory Fees	Absolute Return was merged with Specialty Credit in December 2021					
Performance Fees				2,155,619		
Miscellaneous Fees and Expenses						
<b>Private Equity</b>	<b>35,364,269</b>	<b>5.65%</b>	<b>625,456,058</b>	<b>35,821,138</b>	<b>6.12%</b>	<b>585,420,005</b>
Investment Advisory Fees	4,821,382			5,232,127		
Performance Fees	28,808,835			29,557,732		
Miscellaneous Fees and Expenses	1,734,052			1,031,279		
<b>Public Equity</b>	<b>6,254,311</b>	<b>0.21%</b>	<b>2,913,823,466</b>	<b>5,708,928</b>	<b>0.18%</b>	<b>3,116,599,040</b>
Investment Advisory Fees	6,151,291			5,612,577		
Miscellaneous Fees and Expenses	103,019			96,351		
<b>Real Estate</b>	<b>14,379,286</b>	<b>3.86%</b>	<b>372,994,823</b>	<b>3,945,135</b>	<b>1.53%</b>	<b>258,214,840</b>
Investment Advisory Fees	2,491,508			2,048,449		
Performance Fees	10,457,273			1,043,274		
Miscellaneous Fees and Expenses	1,430,505			853,412		
<b>Real Return</b>	<b>2,154,305</b>	<b>0.98%</b>	<b>218,958,241</b>	<b>3,278,267</b>	<b>0.75%</b>	<b>435,909,260</b>
Investment Advisory Fees	1,456,997			2,005,961		
Performance Fees	526,052			91,499		
Miscellaneous Fees and Expenses	171,255			1,180,807		
<b>Specialty Credit Fixed Income</b>	<b>22,623,007</b>	<b>1.60%</b>	<b>1,417,059,844</b>	<b>17,018,820</b>	<b>1.44%</b>	<b>1,177,812,765</b>
Investment Advisory Fees	9,031,968			6,978,722		
Performance Fees	9,702,493			8,236,492		
Miscellaneous Fees and Expenses	3,888,546			1,803,605		
<b>Cash</b>	<b>2,290,670</b>	<b>0.82%</b>	<b>277,962,758</b>	<b>2,183,105</b>	<b>0.75%</b>	<b>291,596,737</b>
Consulting	386,915			75,063		
Trustee	984,023			71,638		
Miscellaneous Fees and Expenses	919,732			2,036,403		
*FY21 Real Estate fees reflects adjustments for FY 2020*						
<b>Total Investment Mgmt Fees</b>	<b>\$ 84,091,683</b>	<b>1.27%</b>	<b>\$ 6,610,026,417</b>	<b>\$ 71,161,521</b>	<b>1.03%</b>	<b>\$ 6,937,302,043</b>

<b>KENTUCKY PUBLIC PENSIONS AUTHORITY</b> <b>Management Fees by Asset Class</b> <b>For the Period Ended June 30, 2022</b> <b>Pension</b>						
	CERS	% of MV	Market Value	CERS Haz	% of MV	Market Value
<b>Core Fixed Income</b>	<b>1,229,948</b>	<b>0.13%</b>	<b>937,469,270</b>	<b>421,258</b>	<b>0.13%</b>	<b>317,542,965</b>
<i>Investment Advisory Fees</i>	1,046,992			358,354		
<i>Performance Fees &amp; Miscellaneous</i>	182,956			62,904		
<b>Private Equity</b>	<b>38,166,830</b>	<b>5.07%</b>	<b>753,384,304</b>	<b>12,493,004</b>	<b>4.97%</b>	<b>251,588,691</b>
<i>Investment Advisory Fees</i>	4,742,834			1,581,129		
<i>Performance Fees &amp; Miscellaneous</i>	33,423,996			10,911,875		
<b>Public Equity</b>	<b>8,168,852</b>	<b>0.22%</b>	<b>3,644,592,586</b>	<b>2,756,270</b>	<b>0.22%</b>	<b>1,242,346,367</b>
<i>Investment Advisory Fees</i>	8,004,276			2,700,545		
<i>Performance Fees &amp; Miscellaneous</i>	164,576			55,725		
<b>Real Estate</b>	<b>19,881,295</b>	<b>4.02%</b>	<b>494,606,975</b>	<b>6,279,161</b>	<b>3.99%</b>	<b>157,477,647</b>
<i>Investment Advisory Fees</i>	3,334,131			1,050,669		
<i>Performance Fees &amp; Miscellaneous</i>	16,547,165			5,228,492		
<b>Real Return</b>	<b>3,063,319</b>	<b>0.96%</b>	<b>320,728,486</b>	<b>995,924</b>	<b>0.93%</b>	<b>106,902,818</b>
<i>Investment Advisory Fees</i>	1,995,479			654,916		
<i>Performance Fees &amp; Miscellaneous</i>	1,067,839			341,008		
<b>Speciality Credit Fixed Income</b>	<b>28,493,153</b>	<b>1.66%</b>	<b>1,715,046,381</b>	<b>9,527,632</b>	<b>1.64%</b>	<b>582,129,212</b>
<i>Investment Advisory Fees</i>	10,013,936			3,367,737		
<i>Performance Fees &amp; Miscellaneous</i>	18,479,218			6,159,895		
<b>Cash/Administrative Expenses</b>	<b>2,313,487</b>		<b>83,081,777</b>	<b>786,163</b>		<b>45,187,072</b>
<b>Total Investment Mgmt Fees</b>	<b>101,316,883</b>	<b>1.27%</b>	<b>7,948,909,779</b>	<b>33,259,412</b>	<b>1.23%</b>	<b>2,703,174,771</b>

<b>KENTUCKY PUBLIC PENSIONS AUTHORITY</b> <b>Management Fees by Asset Class</b> <b>For the Period Ended June 30, 2022</b> <b>Insurance</b>						
	CERS	% of MV	Market Value	CERS Haz	% of MV	Market Value
<b>Core Fixed Income</b>	<b>454,900</b>	<b>0.13%</b>	<b>347,800,786</b>	<b>236,086</b>	<b>0.13%</b>	<b>175,560,618</b>
<i>Investment Advisory Fees</i>	392,191			203,177		
<i>Performance Fees &amp; Miscellaneous</i>	62,709			32,909		
<b>Private Equity</b>	<b>15,708,880</b>	<b>5.37%</b>	<b>292,493,365</b>	<b>8,927,638</b>	<b>5.42%</b>	<b>164,729,188</b>
<i>Investment Advisory Fees</i>	2,277,822			1,272,561		
<i>Performance Fees &amp; Miscellaneous</i>	13,431,057			7,655,076		
<b>Public Equity</b>	<b>2,801,829</b>	<b>0.20%</b>	<b>1,374,087,887</b>	<b>1,431,534</b>	<b>0.21%</b>	<b>682,688,757</b>
<i>Investment Advisory Fees</i>	2,755,894			1,408,023		
<i>Performance Fees &amp; Miscellaneous</i>	45,935			23,511		
<b>Real Estate</b>	<b>6,603,172</b>	<b>3.86%</b>	<b>171,044,446</b>	<b>3,621,147</b>	<b>3.86%</b>	<b>93,762,250</b>
<i>Investment Advisory Fees</i>	3,976,019			2,180,754		
<i>Performance Fees &amp; Miscellaneous</i>	2,627,152			1,440,393		
<b>Real Return</b>	<b>964,729</b>	<b>0.98%</b>	<b>98,606,905</b>	<b>519,657</b>	<b>0.99%</b>	<b>52,461,558</b>
<i>Investment Advisory Fees</i>	671,333			360,372		
<i>Performance Fees &amp; Miscellaneous</i>	293,396			159,285		
<b>Speciality Credit Fixed Income</b>	<b>10,190,560</b>	<b>1.58%</b>	<b>645,094,063</b>	<b>5,402,290</b>	<b>1.65%</b>	<b>327,061,720</b>
<i>Investment Advisory Fees</i>	6,047,669			3,197,995		
<i>Performance Fees &amp; Miscellaneous</i>	4,142,891			2,204,295		
<b>Cash/Administrative Expenses</b>	<b>983,774</b>		<b>75,326,270</b>	<b>497,704</b>		<b>12,321,953</b>
<b>Total Investment Mgmt Fees</b>	<b>\$ 37,707,844</b>	<b>1.63%</b>	<b>\$ 2,308,852,152</b>	<b>\$ 20,636,056</b>	<b>1.78%</b>	<b>\$ 1,157,464,806</b>

**Investment Strategy and Plan Guidelines Compliance**

Securities issued by the state of Kentucky, its subsidiaries or affiliates are prohibited.	In Compliance
The amount of stock in the domestic or international equity allocation in any single corporation shall not exceed 5% of the aggregate market value of Plan Assets.	In Compliance
The amount of stock held in domestic or international equity allocation shall not exceed 3% of the shares outstanding of any corporation.	In Compliance
The amount of stock in any one industry in the domestic equity allocation shall not exceed 10% of the aggregate market value of Plan Assets.	In Compliance
Investment on "frontier" markets shall not exceed 10% of the Systems' international equity assets.	In Compliance
The duration of the total fixed income portfolio shall not deviate from the KRS Fixed Income Index by more than 25%.	In Compliance
The amount invested in the debt of a single corporation shall not exceed 5% of the total market value of Plans Assets.	In Compliance
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.	In Compliance
50% of the fixed income assets must have liquidity that is T+3 (trade date plus three days) settlement or better.	In Compliance
For the S&P 500 portfolio, securities must be in the S&P 500.	Not In Compliance

As indicated above, there were Public Equities exceptions. The IPS indicates that securities in the S&P portfolio must be in the S&P 500 Index. The exceptions were due to spin-offs, mergers, warrants, and/or loss of market capitalization. These are detailed in the following table:

<b>Asset Description</b>	<b>Shares</b>	<b>MV%</b>	<b>Reason for Exception</b>
Canadian Pacific Railway, LTD	0	0.00%	Supply chain issues, Acquired by Kansas City Southern
Covetrus, Inc.	0	0.00%	Warrant
Embecka Corp	0	0.00%	Completed spinoff of Becton, Dickinson and Company
Kyndryl Holdings, Inc.	1	0.00%	IBM spinoff - IBM remains in SP500
Sylvamo Corp	1	0.00%	International Paper spinoff - IP remains in SP500
Zimvie, Inc	1	0.00%	Zimmer Biomet Holdings spinoff - ZBH remains in SP500

This is presented for informational purposes only.

**No action is required of the Committee.**



## KENTUCKY PUBLIC PENSIONS AUTHORITY

David L. Eager, Executive Director  
1260 Louisville Road • Frankfort, Kentucky 40601  
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**TO:** County Employees Retirement System Board of Trustees

**FROM:** J.T. Fulkerson, Chair  
CERS Ad Hoc Personnel Committee

Lori Casey  
Division Director, Human Resources

**DATE:** September 7, 2022

**SUBJECT:** Summary of CERS Ad Hoc Personnel Committee Meeting

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The County Employees Retirement System (CERS) Ad Hoc Personnel Committee held a special called meeting on September 7, 2022.

- 1. The following items were approved by the CERS Ad Hoc Personnel Committee and are being forwarded to the CERS Board of Trustees for ratification\***
  - a. **The Employee Performance Appraisal form and process** - The CERS Ad Hoc Personnel Committee unanimously approved the Employee Performance Appraisal form and process and recommends approval.
- RECOMMENDATION: The CERS Ad Hoc Personnel Committee requests that the County Employees Retirement System Board ratify the actions taken by the CERS Ad Hoc Personnel Committee.**
- 2. The following other items were also discussed during the CERS Ad Hoc Personnel Committee meeting. These are presented for informational purposes only.**
  - a. The CERS Personnel Policy Manual has been drafted.
  - b. The committee asked Lori Casey, KPPA Division Director of HR, to assist with researching and updating Section 4, Recruitment Strategies, of the manual.
  - c. The committee asked Eric Branco to review relevant statutes related to Section 6, Succession Planning, of the manual and draft a policy for this section.

**\*Board of Trustees Action Required**



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

[Revised: ~~February 3~~September 14, 2022]

**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: ~~April 19, 2021~~ September 14, 2022]

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- 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 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.
  - f. Special Meetings.
    1. Special meetings of the Board shall be held upon the call of the Chair of the CERS Board or the CERS CEO.
    2. Special meetings of a Standing or ad hoc Committee of the CERS Board of Trustees shall be held upon the call of the CERS Committee Chair or the CERS CEO.
    3. A trustee may request that the CERS CEO, Chair of the CERS Board (in the case of a special meeting of the CERS Board), or CERS Committee Chair (in the case of a special meeting of a Committee) call a special meeting by email or other written means. Upon receipt of email or other written requests to call a special meeting from a majority of the trustees, the CERS CEO, CERS Board Chair, or CERS Committee Chair shall call the requested special meeting.
  - g. Notice of Meetings.
    1. Regular Meetings. Notice of a regular meeting of the CERS Board shall be posted at least seven (7) days (inclusive of weekends and holidays) before the meeting is scheduled. The notice of a regular meeting shall include the date, time, and location of the meeting, and the agenda for the meeting. The agenda shall be determined under the direction of and approval by the Chair of the CERS Board. Changes or revisions to the agenda may be proposed by the CERS CEO or a trustee; provided such proposal shall be delivered to the CERS Chair for approval not less than ninety-six (96) hours before the meeting is scheduled; and further provided that nothing in this sentence shall deprive a trustee from introducing new items of business during a regular meeting. Approved changes or revisions to the agenda shall be posted not less than seventy-two (72) hours before the meeting is scheduled.
    2. Special Meetings. When circumstances warrant a special meeting of the CERS Board or of a Committee, notice shall be posted as soon as reasonably possible, but not less than twenty-four (24) hours before the meeting is scheduled. The notice of a special meeting shall include the date, time, and location of the special meeting and the agenda for the meeting. Discussions and action at the meeting shall be limited to items listed on the agenda in the notice.
  - h. Change in Meeting Dates. Any regular or special meeting of the CERS Board may be changed by following the procedure prescribed in these Bylaws for calling special meetings.
  - i. Records of Proceedings. All official acts of the CERS Board shall be recorded in the minutes of the regular or special meeting at which the action was approved or adopted. The CERS CEO shall cause the minutes to be transcribed and presented for approval or amendment at the next regular or special meeting. An electronic copy (certified by the Chair of the CERS Board and CERS CEO) shall be on



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- 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.
- o. Election Policy Guidelines. All elections for elected trustees of the CERS Board must be conducted in accordance with the provisions of KRS 78.782(4), 105 KAR 1:445 and the County Employees Retirement System Board of Trustees Election Policy and Procedures adopted by the CERS Board.
- 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 found in the CERS Conflict of Interest or the CERS Confidentiality Policy in investigating the complaint.

COUNTY EMPLOYEES RETIREMENT SYSTEM BOARD OF TRUSTEES  
STATEMENT OF BYLAWS AND COMMITTEE ORGANIZATION  
[As Adopted: ~~April 19, 2021~~ September 14, 2022]

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**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.
- 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

COUNTY EMPLOYEES RETIREMENT SYSTEM BOARD OF TRUSTEES  
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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.
- 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.

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- 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 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.

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**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, 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 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

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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 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).
  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.



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- 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 (5) 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 convene additional meetings as circumstances require. The regular quarterly meetings shall be held at those 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

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- 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, 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



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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. **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 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.

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

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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.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.

**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 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 2.6 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.

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**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 ~~April, 2021~~ September 2022.

	Date _____
Chair, Board of Trustees	
	Date _____
CERS Chief Executive Officer	



**EMPLOYEE PERFORMANCE APPRAISAL  
CERS CEO – ED OWENS, III  
JANUARY 2022**

**COMPLETED BY:** \_\_\_\_\_ **DATE:** \_\_\_\_\_  
**TITLE:** \_\_\_\_\_

**EVALUATION SUMMARY**

	<b>Outstanding</b>	<b>Highly Effective</b>	<b>Good</b>	<b>Needs Improvement</b>	<b>Unacceptable</b>
<b>A. CATEGORIES</b>					
1) Job Tasks					
2) Adaptability/Initiative					
3) Teamwork/Communication					
4) Self-Management					

**B. COMMENTS**

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**Signatures:**

\_\_\_\_\_  
 Edward Owens III, CERS CEO **Date:** \_\_\_\_\_

\_\_\_\_\_  
 CERS Personnel Committee, Chair **Date:** \_\_\_\_\_

\_\_\_\_\_  
 CERS Personnel Committee, Vice Chair **Date:** \_\_\_\_\_

### CERS CEO DETAILED EVALUATION

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Prepared by: \_\_\_\_\_

CATEGORY JOB TASKS	EXPECTATIONS	RATING
Administration	See attached Project Summary for detailed descriptions, due dates & comments.	
Trustee Education		
Administrative Policies		
Legislative		
Investment Management		
Litigation		
Actuarial		
Peer Group Research		
Additional Projects		
Monitors compliance with Board Administrative Policies		
Completes research required for Committee meetings and ensures that all required documents are available 1 week prior to Committee meetings.		
Compiles Committee Summaries for Board meetings to outline Committee actions and recommendations.		
Ensures Board materials are loaded to Board Books to allow adequate prep time for Trustees.		
Collaborates with CERS General Counsel on outstanding litigation matters.		
Represents CERS at General Assembly Committee meetings. Provides written reports as required.		
Develops working relationships with key professional associations, such as NCPERS and NASRA		
<b>MID-YEAR &amp; YEAR-END COMMENTS:</b>		

**CERS CEO DETAILED EVALUATION (continued)**

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Prepared by: \_\_\_\_\_

CATEGORY ADAPTABILITY/INITIATIVE	EXPECTATIONS	RATING
<b>Initiative</b>	Agrees to take responsibility for job duties and actions. Employee is knowledgeable about what is required and resources available to complete assigned projects without constant supervision but seeks advice in unfamiliar situations. Accepts change and is willing to respond to new job tasks for the benefit of CERS members.	
<b>MID-YEAR &amp; YEAR- END COMMENTS:</b>		
<b>Project Management</b>	Demonstrates adaptability by managing related projects while meeting agreed upon expectations. Able to prioritize task. Employee keeps documentation of projects and changes in priorities and discusses with Board Chair and/or Vice Chair	
<b>MID-YEAR &amp; YEAR-END COMMENTS:</b>		

**CERS CEO DETAILED EVALUATION (continued)**

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Prepared by: \_\_\_\_\_

CATEGORY TEAMWORK/COMMUNICATION	EXPECTATIONS	RATING
<b>Employee Behavior</b>	Employee’s behavior is ethical, courteous, respectful and professional to KPPA staff, Board Trustees, stakeholders, legislators, and the public. There are no reports concerning discourteous detrimental employee behavior.	
<b>MID-YEAR &amp; YEAR- END COMMENTS:</b>		
<b>Communication</b>	Provides CERS information in a courteous way to key stakeholders, staff, and Board leadership in a timely manner. Keeps Chair and Vice-Chair informed of project progress or concerns. Written and verbal communication are clear and concise.	
KPPA Staff		
CERS Trustees		
CERS Stakeholders		
KY General Assembly		
<b>MID-YEAR &amp; YEAR-END COMMENTS:</b>		

**CERS CEO DETAILED EVALUATION (continued)**

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Prepared by: \_\_\_\_\_

CATEGORY SELF - MANAGEMENT	EXPECTATIONS	RATING
<b>Dependability/Responsibility</b>	Abides by project timelines. Accepts responsibility for own actions and work output. Employee complies with federal, state, and agency policies and procedures including those regarding fiduciary duties, confidentiality, harassment, workplace violence, and computer/internet use.	
<b>MID-YEAR &amp; YEAR- END COMMENTS:</b>		
<b>Career Development</b>	Seeks and accepts career development opportunities. Completes continuing education requirements at same level as Trustee education requirements	
<b>MID-YEAR &amp; YEAR-END COMMENTS:</b>		



<b>2021-2022 CERS CEO PROJECT SUMMARY</b>		
<u>Describe</u>	<u>Due Date</u>	<u>Completed Date</u>
<b>Administration</b>		
<ul style="list-style-type: none"> <li>Coordinate with KPPA CEO on KPPA staff &amp; area of responsibilities (KPPA CEO has regular staff meetings that he/she might invite you to attend)</li> </ul>	July 15	
<ul style="list-style-type: none"> <li>State equipment &amp; system access for CEO</li> </ul>	July 15	
<ul style="list-style-type: none"> <li>Coordinate with Division Director of Communications and appropriate Communications Division staff to develop PR structure</li> </ul>	Aug 31	
<ul style="list-style-type: none"> <li>Review website and make recommendations for improving access to documents (I couldn't find the 11/2020 Asset Liability Study on Investments or Board pages.)</li> </ul>	Aug 31	
<ul style="list-style-type: none"> <li>Compare BoardBooks documents to KPPA website Publications &amp; Forms to identify gaps</li> </ul>	Sept 30	
<ul style="list-style-type: none"> <li>Explore options for hiring clerical staff</li> </ul>	July 31	
<ul style="list-style-type: none"> <li>Develop Strategic Plan for CERS plan management</li> </ul>	Feb 28	
<b>COMMENTS:</b>		
<b>Trustee Education:</b>		
<ul style="list-style-type: none"> <li>Schedule Ethics training for Trustees (BAP has a slide deck from TEDS)</li> </ul>	Sept 30	
<ul style="list-style-type: none"> <li>Finalize training approval forms</li> </ul>	Aug or Oct	
<ul style="list-style-type: none"> <li>Organize training records (Rebecca was looking for Alane's list)</li> </ul>	July 31	
<ul style="list-style-type: none"> <li>Develop a catalog of Trustee Education courses, including recorded sessions that were presented live</li> </ul>	July 31	
<ul style="list-style-type: none"> <li>Develop a catalog of Trustee Education courses, including recorded sessions that were presented live</li> </ul>	Oct 31	
<b>COMMENTS:</b>		
<b>Administrative Policies</b>		
<ul style="list-style-type: none"> <li>Review current policies and suggest updates for CERS</li> </ul>	Sept 1	
<ul style="list-style-type: none"> <li>Evaluate need for a separate Code of Conduct in addition to the ethics requirements in state law and Admin policies (currently Jillian Hall is drafting for KPPA &amp; KERS)</li> </ul>	Sept 1	
<ul style="list-style-type: none"> <li>Review Bylaws adopted in April and suggest revisions, if necessary</li> </ul>	Nov 3	
<b>COMMENTS:</b>		

<b>2021-2022 CERS CEO PROJECT SUMMARY (continued)</b>		
<u>Describe</u>	<u>Due Date</u>	<u>Completed Date</u>
<b>Legislative</b>		
<ul style="list-style-type: none"> <li>Contact PPOB chairs to coordinate CERS presentations for regular PPOB meetings</li> </ul>	July 31	
<ul style="list-style-type: none"> <li>Contact Rep. Webber to establish communications for amendments to 2020 HB 484</li> </ul>	July 31	
<b>COMMENTS:</b>		
<b>Investment Management</b>		
<ul style="list-style-type: none"> <li>Contact Chief Investment Officer to open communications about investment management</li> </ul>	July 12	
<ul style="list-style-type: none"> <li>Review Investment Policy Statement with Dr. Hackbart</li> </ul>	July 12	
<ul style="list-style-type: none"> <li>Asset Allocation                             <ul style="list-style-type: none"> <li>Contact NCPERS to find out when Asset Allocation (Kinlaw, Kritzman, &amp; Turkington) will be published</li> </ul> </li> </ul>	July 9	
<ul style="list-style-type: none"> <li>Analyze allocations among stocks, bonds, and alternatives</li> </ul>	July 9	
<ul style="list-style-type: none"> <li>Dr. H is suggesting that we allocate based on industrial sectors rather than US vs Non US equities</li> </ul>	July 9	
<ul style="list-style-type: none"> <li>Analyze management fees (BAP has a schedule that summarizes)</li> </ul>	July 9	
<ul style="list-style-type: none"> <li>Evaluate investment admin policies for CERS impact (Do we need separate investment admin policies?)</li> </ul>	July 9	
<b>COMMENTS:</b>		
<b>Litigation</b>		
<ul style="list-style-type: none"> <li>Schedule briefing on Mayberry before KPPA staff changes</li> </ul>	July 20	
<ul style="list-style-type: none"> <li>Schedule briefing on Northern KY cities litigation</li> </ul>	Aug 15	
<b>COMMENTS:</b>		

<b>CERS CEO PROJECT SUMMARY (continued)</b>		
<u>Describe</u>	<u>Due Date</u>	<u>Completion Date</u>
Actuarial		
<ul style="list-style-type: none"> <li>• Mike Foster wants to use Pension Obligation Bonds to retire the unfunded liability – Research current guidance from NCPERS, GFOA, rating agencies</li> </ul>	Oct 31	
<ul style="list-style-type: none"> <li>• Review references from Segal presentation at TEDS</li> </ul>	Oct 31	
Develop Peer Group Research		
<ul style="list-style-type: none"> <li>• Identify peer public pension plans</li> </ul>	Sept 30	
<ul style="list-style-type: none"> <li>• Research NASRA info for small plans</li> </ul>	Sept 30	
<ul style="list-style-type: none"> <li>• Check contacts on TEDS attendee list for potential peer public plans</li> </ul>	Sept 30	
<b>COMMENTS:</b>		
	Authorized By:	
ADDITIONAL PROJECTS		
•		
•		
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<b>COMMENTS:</b>		

## CERS Employee Performance Appraisal Guideline

It is the intent of the CERS Personnel Committee to annually conduct a performance appraisal for the CERS CEO to evaluate assigned job duties and related competencies.

- A performance plan will be established no later than January 31<sup>st</sup> of each calendar year. The plan will outline assigned job tasks and expectations for January – December.
- A mid-year interim review will be completed by July 31<sup>st</sup> of each calendar year to evaluate the performance performed from January – June.
- A year-end review will be conducted no later than January 31<sup>st</sup> of the following calendar year to review the performance from July – December.
- The CEO will be offered the opportunity to complete a self-review prior to the mid-year interim and year-end performance review. As a part of the self-review process, the CEO shall provide a comprehensive report outlining the status of all projects listed in the project summary prior to the mid-year and year-end interim review.

The final review will be completed by the CERS Personnel Committee and a final rating assigned.

### Performance Definitions

Rating	Level of Performance	Performance Description
1	Unacceptable	Significant improvement needed in one or more areas of expected job results or behaviors and/or did not comply with work rules or regulatory requirements
2	Needs Improvement	Improvement needed in one or more areas of expected job results or behaviors and/or did not comply with work rules or regulatory requirements.
3	Good	Consistently achieved expected job results, demonstrated effective behaviors, and complied with work rules and regulatory requirements. Employee met high standards and contributed positively to the success of the organization.
4	Highly Effective	Consistently exceeded results expectations, demonstrated role model behaviors, and complied with work rules and regulatory requirements. Employee was a major contributor to the success of the organization.
5	Outstanding	Substantially and consistently exceeded expected results and objectives even on the most difficult and complex parts of the position. Employee performed at the highest possible levels, demonstrated role model behaviors, complied with work rules and regulatory requirements. Employee was an exceptional contributor to the success of the organization.

**EMPLOYEE PERFORMANCE APPRAISAL – SELF REVIEW FORM**  
**CERS CEO – ED OWENS, III**  
**JANUARY – JUNE 2022**

<b>Job Tasks</b>	
<b>Adaptability/Initiative</b>	
<b>Teamwork/Communication</b>	
<b>Self-Management</b>	
<b>Other:</b>	

**EMPLOYEE PERFORMANCE APPRAISAL – SELF REVIEW FORM**  
**CERS CEO – ED OWENS, III**  
**JULY - DECEMBER 2022**

<b>Job Tasks</b>	
<b>Adaptability/Initiative</b>	
<b>Teamwork/Communication</b>	
<b>Self-Management</b>	
<b>Other:</b>	



## 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: County Employees Retirement System Board of Trustees

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

Date: September 14, 2022

Subject: Summary of Joint Audit Committee Meeting

The County Employees Retirement System (CERS) and Kentucky Retirement Systems (KRS) Joint Audit Committee held a regularly scheduled meeting on August 25, 2022. No items required ratification by the CERS Board.

The following items were discussed during the Joint Audit Committee meeting. These are presented for informational purposes only.

- a. Overview of the fiscal year 2022 external audit.
- b. Unaudited financial statements for the fiscal year ended June 30, 2022.
- c. Timeline for the fiscal year 2022 annual comprehensive financial report.
- d. Information disclosures – *13 disclosures identified, effecting 13 members. One breach did result in the disclosure of protected health information. Managed Medical Review Organization (vendor) caused 11 of the disclosures.*
- e. Anonymous Tips – *Four open cases.*
- f. Internal Audit Budget – *12.79% of the budget remained at year end.*
- g. Status of current internal audits – *16 current projects.*
- h. Strategic Audit Plan



## 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 14, 2022  
**SUBJECT:** Joint CERS & KRS Retiree Health Plan Committee Report

The Joint CERS & KRS Retiree Health Plan Committee met on Thursday, September 06, 2022 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 2023 plan year. The recommendations of the Committee are documented below in the bolded red font.

### **Non Medicare-Eligible Retirees (KEHP Plan)**

**NOTE:** See the KPPA KEHP 2023 Presentation in the Retiree Health Plan (RHP) Diligent Board Books which contains the information for Board Decision Points:

1. Recommendations for:

- The 2023 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 2023 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 discount
    - **RHP Committee recommends Retirees or Planholders that failed to complete the LivingWell promise for plan year 2023 will not be entitled to the discount (\$40) for 2024. The fee/discount remains unchanged for 2023.**
2. Recommendation to set the default plan for retirees for 2023 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.
- **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 2022 at the same level of coverage.**
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 2023.
  - **RHP Committee recommends the contribution rate for the KPPA Premium Plan remain at the 2022 rate of \$252.51 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 \$89.28).**
  - **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 remain at the 2022 rate of \$75.56 (the amount paid to Humana will be \$0.00).**
  - **The Committee recommends the Medical Only Plan premium at \$180.14, the Medicare Advantage Mirror Premium Plan at \$320.25, and the Medicare Advantage Mirror Essential Plan at \$221.12.**

1. 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 \$67.74 per month for 2023) 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 is one (1) retiree that meets this criteria.

- **RHP Committee recommends that administrative fees continue to be paid for administrative exceptions in 2023, 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.**
2. Recommendation to set the default plan for retirees and their dependents for 2023.
- **RHP Committee recommends that that the default plan for Medicare eligible retirees be the KPPA Medical Only Plan.**

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



## MEMORANDUM

**DATE:** September 6, 2022

**TO:** CERS Board of Trustees

**FROM:** Mike Foster, Chair, CERS Legislative Working Group

**SUBJECT:** Summary of preliminary legislation discussion

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The CERS Legislative Working Group met on September 1, 2022, to review a preliminary list of housekeeping issues that KPPA is discussing with legislators. This discussion included two major types of legislation:

1. Housekeeping and technical changes to various statutes
  - a. This list included updating definitions, clarifications related to Boards of Trustees, post-retirement reemployment, reinstate employees, health insurance, disability retirement, and other minor clarifications to either KRS Chapter 61 or Chapter 78. No drafts are available for specific legislation. The Working Group discussed the general topics and noted concerns for Ed Owens, III to discuss with KPPA staff. No action was taken and no recommendations were drafted for the CERS Board of Trustees to review.
  - b. Two issues related to pension spiking and Tier 2 member transfers to Tier 3 were also discussed. These issues are not considered housekeeping and will require separate bills in the 2023 General Assembly. No drafts are available for specific legislation. No action was taken and no recommendations were drafted for the CERS Board of Trustees to review.
2. Availability of resources in the charitable trust established by KRS 61.706
  - a. Based on questions and discussions with legislators, Ed Owens, III, has been researching the availability of resources in the charitable trust to fund a one-time payment to CERS trustees. Mr. Owens has contacted Finance & Administration to determine how much money has been donated to the trust. As of September 1, 2022, there are no funds held by the Kentucky Treasury in this trust.
  - b. The Working Group discussed other options to finance any type of benefit adjustment, including a COLA or a one-time payment. Current provisions of KRS78.5518 do not allow for a one-time adjustment, but even if that statute was expanded to include this option, it would likely still require either a 100% funded status or prefunding contributions from CERS employers to revise benefits. No action was taken and no recommendations were drafted for the CERS Board of Trustees to review.

Mr. Owens will keep Mr. Foster in the loop about future discussions about potential 2023 legislation.



**KPPA**  
Kentucky Public Pensions Authority

September 2022

# Enterprise & Technology Services

**DOMINIQUE MCKINLEY, DIVISION DIRECTOR**

Kentucky Public Pensions Authority

# Enterprise & Technology Services Vision and Mission

## Mission

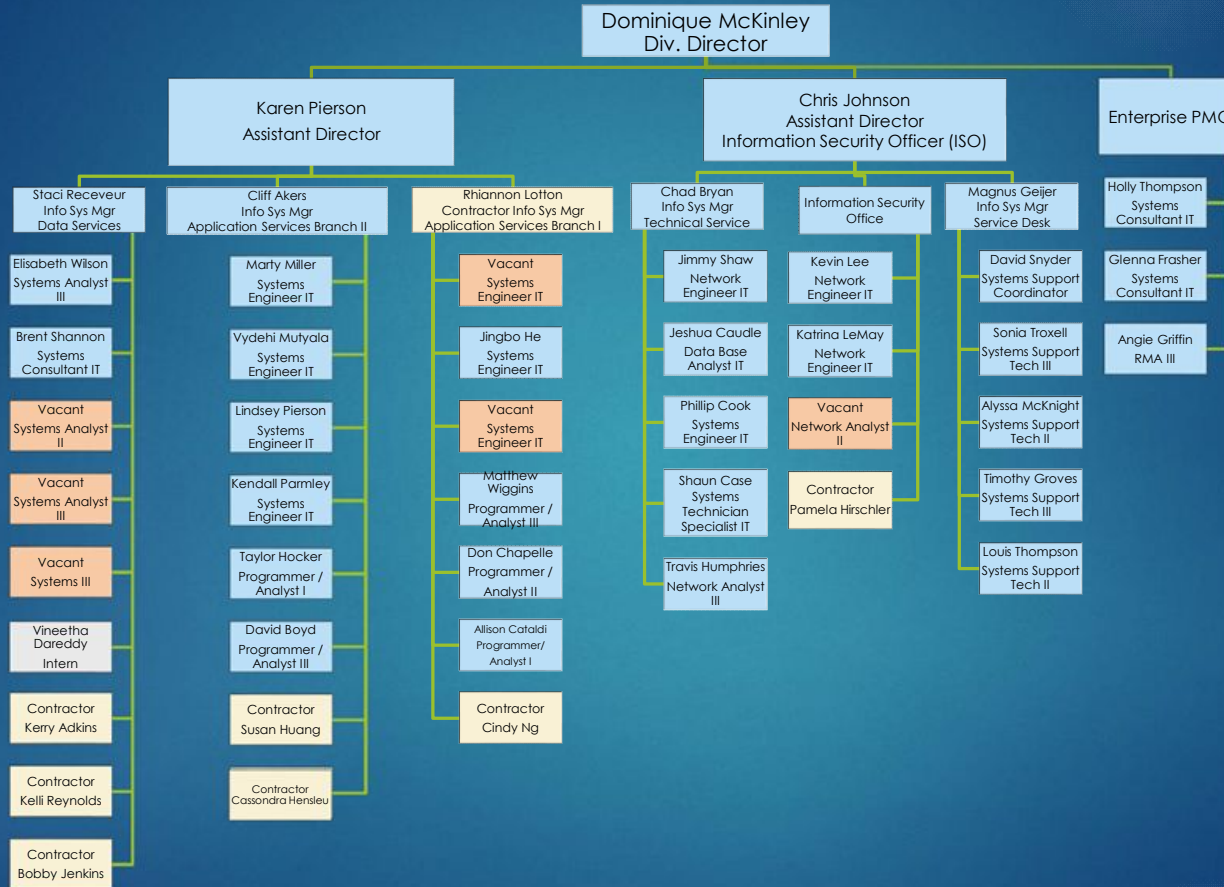
- Leading collaborative efforts to provide secure, innovative solutions for retirement benefits to enhance employee productivity and member experiences.

## Vision

- ETS strives to empower the business and be prepared to deliver:
- Transparent communication that builds trust
- Secure next generation systems to benefit agency goals
- Flexible opportunities and research to enable staff to modernize
- Timely prioritized services utilizing established standards and governance

# Organizational Chart

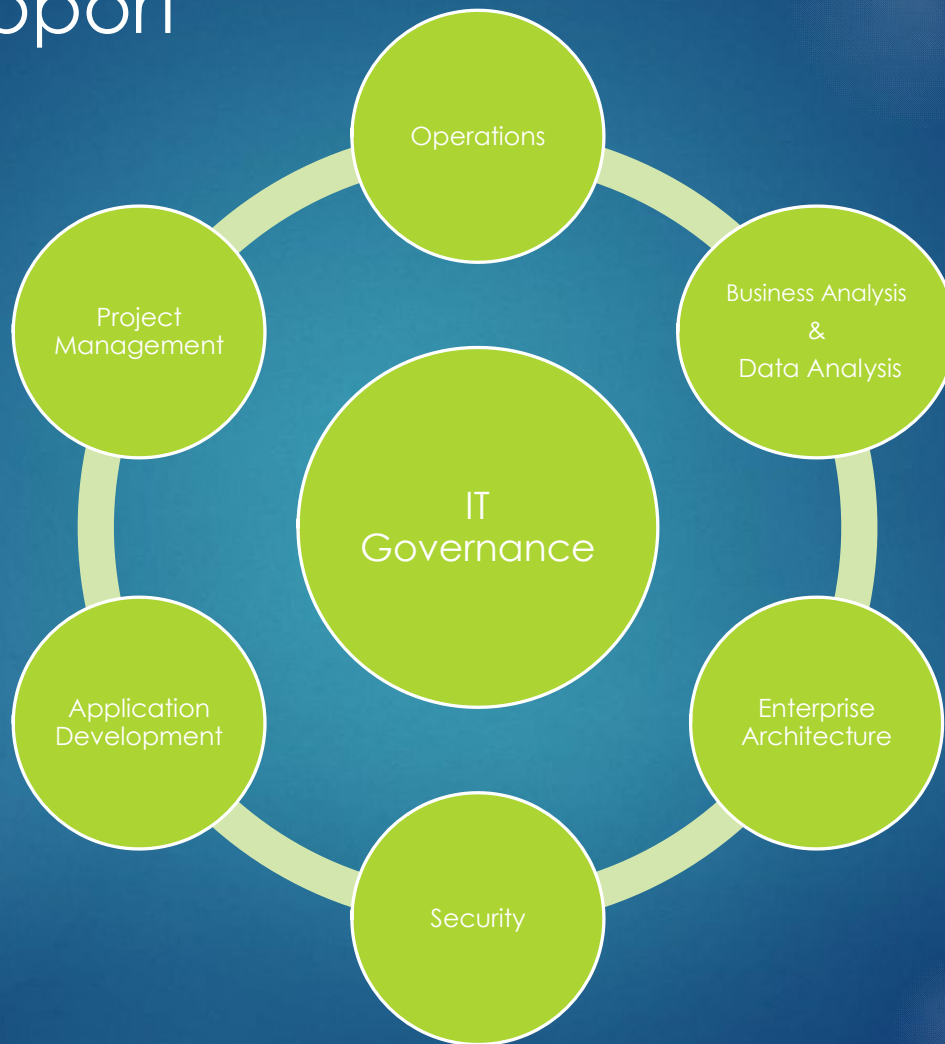
DETS



\* As of August 31, 2022

# Areas Of Support

DETS





# What we Support

## Operations

- Customer Service
- Phone System Support
- Problem Resolution
- Batch Processing

## Business & Data Analysis

- Data Request
- Legislation Implementation
- Reports
- Design & Testing
- Process Improvement

## Application Development

- Enhancements
- Legislation Implementation
- Bug Fixes
- Upgrades

## Enterprise Architecture

- Cloud Implementation
- Server Administration
- Network Monitoring
- Backups

## Security

- Training
- Incident Reporting
- Log Monitoring
- Audits
- Policy

## Project Management

- Procurement
- Enterprise IT Projects
- Product review
- Cost Analysis

# Current IT Initiatives

DETS



Provide timely, predictable and secure systems, services and solutions based on agency priorities



Foster a culture that succeeds through communication, education and partnership



Promote an organization built on continuous improvement and adaptability.

Security Enhancements	Paperless Option	M365
Software Upgrades	Quarterly Security Training	Continuity of Operations Plan
Build Process	Self Service Enhancement	Software Upgrades
Capacity Management	Security Training & Education	Build Process
Fraud Prevention		Hybrid Remote Work
Hybrid Remote Work		Disaster Recovery

# Moving Forward

DETS

## **All services to be secure for members and staff**

Increase security awareness by collaborating with stakeholders to better understand business needs, educate staff and provide services in a secure manner.

## **ETS will proactively engage the business**

ETS and the agency need to work together to increase transparency of activities and needs required to fulfill the agency expectations.