

**Kentucky Retirement Systems Board of Trustees  
Quarterly Board Meeting  
September 14, 2023, 10:00 a.m. ET  
Live Video Conference/Facebook Live  
AGENDA**

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| 1. Call to Order   | Lynn Hampton                           |
| 2. Legal Public Statement  | Office of Legal Services               |
| 3. Roll Call/Public Comment                                      | Sherry Rankin                          |
| 4. Approval of Minutes – June 5, 2023*                           | Lynn Hampton                           |
| 5. KPPA Audit Committee Report                                   | Lynn Hampton<br>Kristen Coffey         |
| 6. Joint Retiree Health Plan Committee Report*                   | Dr. Crystal Miller<br>Connie Pettyjohn |
| 7. Administrative Regulations: 105 KAR 1:148 and 105 KAR 1:148E* | Jessica Beaubien<br>Carrie Bass        |
| 8. Quarterly Financial Reports                                   | Michael Lamb                           |
| 9. Cyber Insurance Policy**                                      | Michael Lamb                           |
| 10. FY25-26 Biennial Budget Recommendation                       | Michael Lamb                           |
| 11. Investment Committee Report                                  | Prewitt Lane<br>Steve Willer           |
| 12. CEO Report   | John Chilton                           |
| 13. 2024 Board and Committee Meeting Calendar*                   | Lynn Hampton                           |
| 14. KPPA Update  | David Eager                            |
| 15. New Business   | Lynn Hampton                           |
| 16. Closed Session** - Litigation                                | Lynn Hampton                           |
| 17. Adjourn*   | Lynn Hampton                           |

*\*Board Action Required*

*\*\*Board Action May Be Required*

**MINUTES OF MEETING  
KENTUCKY RETIREMENT SYSTEMS  
BOARD OF TRUSTEES MEETING  
JUNE 5, 2023, AT 10:00 AM, E.T.  
VIA LIVE VIDEO TELECONFERENCE**

At the Meeting of the Kentucky Retirement Systems Board of Trustees held on June 5, 2023 the following members were present: Lynn Hampton (Chair), David Adkins, Ramsey Bova, John Cheshire, Prewitt Lane, Dr. Crystal Miller, Keith Peercy, Pamela Thompson and William Summers, V. Staff members present were CERS CEO Ed Owens, III, KRS CEO John Chilton, Rebecca Adkins, Erin Surratt, Michael Board, Victoria Hale, Leigh Ann Davis, Michael Lamb, Connie Davis, D’Juan Surratt, Steve Willer, Ann Case, Jared Crawford, Brian Caldwell, Kristen Coffey, Madeline Perry, Matthew Daugherty, Ashley Gabbard, Katie Park, Shaun Case, and Sherry Rankin. Others present included Tracy Garrison and Larry Loew with Humana, Danny White and Janie Shaw with GRS, and Chris Tessman and Craig Morton with Wilshire Advisors.

Ms. Hampton called the meeting to order.

Mr. Board read the Legal Public Statement.

Ms. Rankin called roll.

There being no ***Public Comment*** submitted, Ms. Hampton introduced agenda item ***Approval of Minutes – April 6, 2023, and April 11, 2023*** (Video 00:08:15 to 00:08:37). A motion was made by Mr. Summers and seconded by Mr. Peercy to approve the minutes as presented. The motion passed unanimously.

Ms. Hampton introduced agenda item ***Review of Actuarial Assumptions*** (Video 00:08:38 to 00:58:07). Mr. Danny White and Ms. Janie Shaw with GRS presented a summary of the 2022 Experience Study. Mr. White reviewed the recommended Economic, Demographic, Investment Return, and Mortality Rate Assumptions with the KRS Board of Trustees. Ms. Janie Shaw presented the fiscal impact of the proposed assumptions by plan. She advised that the new assumptions would be first used in the June 30, 2023 Actuarial Valuation.

\*\*\*Mr. Cheshire entered the meeting\*\*\*

*\*\*\*Dr. Miller entered the meeting\*\*\**

Ms. Hampton requested the following motion: The Economic Assumption Recommendations are to increase the price inflation from 2.3% to 2.5%; to increase the assumed rate of return for the KERS and SPRS portions of the Insurance Trust Fund from 6.25% to 6.50%; and to increase the cash balance interest credit to 5.90% for the KERS non-hazardous fund and SPRS fund and to 6.75% for the KERS hazardous fund. Mr. Peercy made a motion to approve the Economic Assumption Recommendations as presented. Mr. Summers seconded the motion and the motion passed unanimously.

Ms. Hampton introduced agenda item ***Joint Audit Committee Report and Recommendations*** (Video 00:58:08 to 00:59:46). Ms. Kristen Coffey stated that the Joint Audit Committee met on May 25, 2023, and reviewed the Risk Assessment and the Annual Audit Plan. The Joint Audit Committee requested that the KRS Board of Trustees ratify the actions of the Committee and submit the Audit Plan to the Kentucky Public Pensions Authority for approval. Mr. Lane made a motion to approve the Audit Plan as presented. The motion was seconded by Mr. Cheshire and passed unanimously.

Ms. Hampton introduced the ***Joint Retiree Health Plan Committee Report*** (Video 00:59:47 to 01:06:05). Dr. Miller stated that the Joint CERS & KRS Retiree Health Plan Committee met on May 11, 2023. She announced that the Committee elected Jerry Powell (CERS) as Chair and Dr. Crystal Miller (KRS) as Vice-Chair. Humana provided information on Plan Performance for 2022, Stars Review 2023, Inflation Reduction Act Impact in 2024-2029 and introduced Humana Community Navigator for 2023. Humana also provided information on the Centers for Medicare and Medicaid Services (CMS) Final Notice for 2024 plan year, indicating an average CMS net payment of all payment policies of -1.12%, said Dr. Miller. Humana also discussed their exit from the Employer Group Commercial Medical Products. Lastly, Ms. Connie Pettyjohn provided an update on the Medicare Secondary Payer Act Reimbursement process.

Mr. Larry Loew with Humana expanded on the average CMS net payment of all payment policies of -1.12% in Medicaid Services (CMS) Final Notice for 2024 and the company's exit from the Employer Group Commercial Medical Products. He explained that this exit includes the Commercial medical and pharmacy benefits which will impact the KPPA Medical Only and

Medicare Advantage (MA) Mirror plans. However, Humana received approval to continue to administer these plans through 2024, said Mr. Loew. Humana is researching possible solutions to be able to continue to provide coverage for these plans through the contract engagement which ends 12/31/2025. Mr. Loew assured the Trustees that this change does not affect their Group Medicare products which includes the KPPA Medicare Advantage Premium and Essential plans.

Ms. Hampton requested that Ms. Pettyjohn provide an update on these changes and timeline for the implementation of the changes at a future meeting.

Ms. Hampton introduced agenda item ***Hazardous Duty Requests*** (Video 01:06:06 to 01:10:03). Mr. D’Juan Surratt presented agencies requesting hazardous duty coverage for several positions. Mr. Surratt stated that KPPA reviewed the requests and determined that they meet the statutory guidelines for Hazardous coverage. A motion to approve Hazardous Duty coverage for the positions as presented was made by Ms. Thompson and seconded by Mr. Lane. Mr. Adkins opposed, and Mr. Cheshire and Mr. Summers abstained; however, the motion passed.

Ms. Hampton introduced agenda item ***Quarterly Financial Reports*** (Video 01:10:02 to 01:22:12). Mr. Mike Lamb, Chief Financial Officer, reviewed the Combining Statement of Fiduciary Net Position of the Pension Funds as of March 31, 2023. Next, Mr. Lamb briefly reviewed the Combining Statement of Changes in Fiduciary Net Position of the Pension Funds for the nine-month period ending March 31, 2023, Combining Statement of Fiduciary Net Position of Insurance Funds as of March 31, 2023, and the Combining Statement of Changes in Fiduciary Net Position of Insurance Funds for the nine-month period ending March 31, 2023, with the KRS Board of Trustees. Mr. Lamb went on to present the KRS Pension and Insurance Funds Contribution Reports for the nine-month period ending March 31, 2023. Lastly, he briefly presented the FY 2022-2023 KPPA Administrative Budget and Budget-to-Actual Analysis for the nine-month period ending March 31, 2023. Mr. Lamb reviewed the JP Morgan Chase Earnings and Fees and Hard Interest Earned for the non-month period ending March 31, 2023. Lastly, the KRS Outstanding Invoices by Type and Employer and Penalty Invoices Reports were presented to the KRS Board.

Ms. Hampton introduced agenda item ***Administrative Budget – Hybrid Percentage and KRS Allocation*** (Video 01:22:13 to 01:27:51). Mr. Lamb stated that the Budget Task Force Work Group determined the Hybrid Percentage for FY 2024; CERS 64.34% and KRS 35.66%. These percentages

are scheduled to be presented to the KPPA on June 28, 2023, for approval. However, the CERS/KRS Boards of Trustees must determine the allocation among their individuals plans. Mr. Lamb presented the recommended allocation of 35.66% by membership among the plans. Mr. Peercy made a motion to approve the FY2024 allocation of the KRS Hybrid Percentage as presented. Mr. Adkins seconded the motion and the motion passed unanimously.

Ms. Hampton requested that agenda item ***Bylaw Amendment*** (Video 01:27:52 to 01:32:06) be presented prior to the Investment Committee Report. Mr. Board presented the proposed amendments to the KRS Bylaws. Mr. Peercy made a motion to approve the amendment to the Statement of Bylaws and Committee Organization as presented. The motion was seconded by Dr. Miller and passed unanimously.

Ms. Hampton introduced agenda item ***Investment Committee Report*** (Video 01:32:07 to 01:59:55). KPPA Chief Investment Officer, Steve Willer, provided an update on the proxy change process. He reported that the project is in the final stages and should be completed within the coming months. Next, Mr. Willer presented the Investment Review and Update for the quarter ended March 31, 2023.

Ms. Hampton introduced agenda item ***KRS CEO Contract Renewal*** (Video 01:59:56 to 02:02:15). Ms. Hampton briefly reviewed the modifications to the KRS CEO Contract. She stated that a performance review for the KRS CEO had been conducted. A motion to approve the extension to the CEO Contract as presented was made by Ms. Thompson and seconded by Ms. Bova. The motion passed unanimously.

Ms. Hampton introduced agenda item ***KPPA Update*** (Video 02:02:16 to 02:04:55). Mr. Eager was absent; however, Ms. Adkins briefly reviewed the written KPPA Update on his behalf.

Ms. Hampton introduced agenda item ***CEO Report*** (Video 02:04:56 to 02:08:26). KRS CEO John Chilton provided an update on various projects and happenings since the Annual KRS Board of Trustees meeting in April 2023.

Ms. Hampton introduced agenda item ***New Business*** (Video 02:08:27 to 02:08:42) – None.

Ms. Hampton introduced agenda item ***Closed Session*** (*Video 02:08:28 to 02:09:50*) and requested a motion to enter closed session to discuss pending litigation pursuant to KRS 61.810(c). A motion was made by Mr. Adkins and seconded by Mr. Lane. The motion passed unanimously.

Mr. Board read the following statement and the meeting moved into closed session: A motion having been made in open session to move into a closed session for a specific purpose, and such motion having carried by majority vote in open, public session, the Board shall now enter closed session to consider 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. All public attendees exited the meeting.

*\*\*\*Ms. Thompson exited prior to the conclusion of Closed Session\*\*\**

*\*\*\*Mr. Lane exited prior to the conclusion of Closed Session\*\*\**

Ms. Hampton called the meeting back to open session and stated that there was no reportable action.

There being no further business, Ms. Hampton ***adjourned*** the meeting.

Copies of all documents presented are incorporated as part of the Minutes of the Board of Trustees held June 5, 2023, except documents provided during a closed session conducted pursuant to the open meetings act and exempt under the open records act.

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## **CERTIFICATION**

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

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Recording Secretary

I, the Chair of the Board of Trustees of the Kentucky Retirement Systems, do certify that the Minutes of Meeting held on June 5, 2023, were approved on September 14, 2023.

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Chair of the Board of Trustees

I have reviewed the Minutes of the June 5, 2023, Board of Trustees Meeting for content, form, and legality.

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Executive Director  
Office of Legal Services



## Kentucky Public Pensions Authority

### Division of Internal Audit



Kentucky Public  
Pensions Authority

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To: Kentucky Retirement Systems Board of Trustees

From: William O'Mara, Chair  
KPPA Audit Committee

Kristen N. Coffey, CICA  
Division Director, Division of Internal Audit

Date: September 14, 2023

Subject: Summary of KPPA Audit Committee Meeting

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

1. With the passage of House Bill 587 (regular session 2023), the Division of Internal Audit is led by a Chief Auditor, who is appointed by KPPA. As a result, the Joint Audit Committee was dissolved and a KPPA Audit Committee was established. Based on the new structure, there have been changes to which board/committees will approve various items. This new structure was approved by the KPPA Audit Committee and is presented for review by the KRS Board of Trustees. The new structure does not impact the reporting of items that specifically impact KRS. These items will still be presented to the full KRS Board of Trustees (see attached).
2. The fiscal year 2024 audit plan contains 24 projects. The Division of Internal Audit is currently working on 14 of these projects. None of yet been completed for the fiscal year (see attached).





# Kentucky Public Pensions Authority

## Internal Audit Administration



To: Members of the KPPA Audit Committee

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

Date: August 24, 2023

Subject: Proposed Audit Committee Agenda Items

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

**Indicates possible approval needed**

**Indicates potential ratification needed**

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

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

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

# KRS Board Meeting - KPPA Audit Committee Report

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

**1,992.75      553.00      955.75      11,252.00**

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

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



## KENTUCKY PUBLIC PENSIONS AUTHORITY

David L. Eager, Executive Director  
1260 Louisville Road • Frankfort, Kentucky 40601  
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**TO:** Members of the KRS Board of Trustees

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

**DATE:** September 14, 2023

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

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

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

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

1. Recommendations for:

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

- Proposed LivingWell Promise incentive
  - **RHP Committee recommends Retirees or Planholders that failed to complete the LivingWell promise for plan year 2024 will not be entitled to the discount (\$40) for 2025. The fee/discount remains unchanged for 2024.**
- 2. Recommendation to set the default plan for retirees for 2024 and allow retirees/beneficiaries and dependents enrolled in the KEHP plan to rollover into the same plan at the same level of coverage if an application is not submitted during Open Enrollment. Also, recommend the same for a New Retiree that fails to submit an application or a waiver of health insurance.
  - **RHP Committee recommends the default plan to be the LivingWell Basic (CDHP) (no HRA) plan.**
  - **RHP Committee recommends that the Board allow retirees/beneficiaries and dependents that do not to complete a health insurance application during a mandatory open enrollment be rolled over to the same plan they were enrolled in for 2024 at the same level of coverage.**
  - **RHP Committee recommends that the Board allow new retirees that fail to submit a health insurance enrollment form be defaulted into this plan.**

Recommendation for Cross Reference Retirees with Active Employee Spouse: KRS 61.702 (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.**
- 3. Recommendation to set contribution rate for KEHP Medicare Secondary Payer Plan – This plan is for retirees who are Medicare eligible and affected by the Medicare Secondary Payer Act due to reemployment with an employer that participates with the systems operated by KPPA. This group of retirees may be rated separately from the other KEHP population.
  - **RHP Committee recommends the same plan that is referenced in number 1 above as the contribution plan at the same contribution rate for this benefit.**

### **Medicare-Eligible Retirees**

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

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

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

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

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

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

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

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

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

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

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



## KENTUCKY PUBLIC PENSIONS AUTHORITY

David L. Eager, Executive Director  
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**TO:** Members of the KRS Board of Trustees  
**FROM:** Joint CERS & KRS Retiree Health Plan Committee  
**DATE:** September 14, 2023  
**SUBJECT:** Special Called Joint CERS & KRS Retiree Health Plan Committee Report

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

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

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

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





## MEMORANDUM

TO: Board of Trustees of the Kentucky Retirement Systems (“Board”)

FROM: Carrie Bass, Staff Attorney Supervisor, Non-Advocacy Division, Office of Legal Services  
Jessica Beaubien, Policy Specialist, Non-Advocacy Division, Office of Legal Services

DATE: September 14, 2023

RE: Board approval and recommendation of KPPA staff to file new administrative regulation, 105 KAR 1:148, Merged, Split, New, Separate, or Separated Employers or Entities, along with its emergency counterpart 105 KAR 1:148E, with the Office of the Regulations Compiler at the Legislative Research Commission (“Regulations Compiler”)

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### **Purpose of new administrative regulation:**

Kentucky Revised Statutes 61.645(9)(e) authorizes the Board to “promulgate all administrative regulations, not inconsistent with the provisions of KRS 16.505 to 16.652 and 61.510 to 61.705, necessary or proper in order to carry out the provisions of KRS 16.505 to 16.652 and 61.510 to 61.705.” 105 KAR 1:148 and 105 KAR 1:148E, Merged, Split, New, Separate, or Separated Employers or Entities, are consistent with these provisions of the Kentucky Revised Statutes.

105 KAR 1:148, along with its counterpart 105 KAR 1:148E, are new administrative regulations that establish the procedures and requirements for the process of assigning actuarially accrued liability contributions for a Kentucky Employees Retirement System employer that, on or after March 23, 2021, merges with another employer or entity, forms a new or separate employer or entity, or splits or separates operations into multiple employers or entities.

Definitions for commonly used language found in this administrative regulation can be found in 105 KAR 1:001, Definitions for 105 KAR Chapter 1.

### **Staff Recommendation:**

The Office of Legal Services requests that the Board review the attached materials and authorize 105 KAR 1:148 and 105 KAR 1:148E, Merged, Split, New, Separate, or Separated Employers or Entities, to be filed with the Regulations Compiler.

### **List of attached materials:**

1. 105 KAR 1:148E Statement of Emergency
2. 105 KAR 1:148E, Merged, Split, New, Separate, or Separated Employers or Entities.
3. 105 KAR 1:148, Merged, Split, New, Separate, or Separated Employers or Entities.

STATEMENT OF EMERGENCY

105 KAR 1:415E

Pursuant to KRS 13A.190(1)(a)2., this emergency administrative regulation is being promulgated in order to allow the Kentucky Public Pensions Authority (KPPA) to assign actuarially accrued liability contributions for a Kentucky Employees Retirement System (KERS) employer that, on or after March 23, 2021, merges with another employer or entity, forms a new or separate employer or entity, or splits or separates operations into multiple employers or entities. This administrative regulation is being filed on an emergency basis pursuant to KRS 13A.190(1)(a)2. to prevent the loss of state funds. More specifically, this administrative regulation is being filed on an emergency basis to ensure that the actuarially accrued liability contributions are timely paid in the event that a KERS employer with an actuarially accrued liability contribution calculated under KRS 61.565(1)(d) merges with another employer or entity, forms a new or separate employer or entity, or splits or separates operations into multiple employers or entities. KRS 61.565 is attached for support.

This emergency administrative regulation will be replaced by an ordinary administrative regulation. The companion ordinary administrative regulation is identical to this emergency administrative regulation.

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ANDY BESHEAR, GOVERNOR  
COMMONWEALTH OF KENTUCKY

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DATE

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JOHN CHILTON  
CHIEF EXECUTIVE OFFICER  
KENTUCKY RETIREMENT SYSTEMS

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DATE

## FINANCE AND ADMINISTRATION CABINET

Kentucky Public Pensions Authority

Kentucky Retirement Systems

(New Emergency Administrative Regulation)

105 KAR 1:148E. Merged, Split, New, Separate, or Separated Employers or Entities.

RELATES TO: KRS 61.520, 61.522, 61.565, 61.645, 61.675, 61.685, 212.132

STATUTORY AUTHORITY: KRS 61.645(9)(e)

NECESSITY, FUNCTION, AND CONFORMITY: KRS 61.645(9)(e) authorizes the Board of Trustees of the Kentucky Retirement Systems to promulgate all administrative regulations necessary or proper in order to carry out the provisions of KRS 16.505 to 16.652 and 61.510 to 61.705, and to conform to federal statutes and regulations. As required by KRS 61.565(1)(d)4., this administrative regulation establishes the procedures and requirements for the process of assigning actuarially accrued liability contributions for a Kentucky Employees Retirement System employer that, on or after March 23, 2021, merges with another employer or entity, forms a new or separate employer or entity, or splits or separates operations into multiple employers or entities.

### Section 1. Definitions.

(1) "Actuarially accrued liability" means a prorated annual dollar contribution amount for employers with employees that have participated in or are participating in the system on or after July 1, 2021, that is based on the individual employer's percentage of the

system's total actuarially accrued liability as of June 30, 2019, and determined pursuant to KRS 61.565(1)(d)1.

(2) "Assign" means the transfer of legal and financial responsibility for paying the actuarially accrued liability to another participating or non-participating employer.

(3) "Inactive employer" means a participating employer that ceases to have any employees in a regular full-time position participating in the system.

(4) "Merged employer" means one or more participating employers with an actuarially accrued liability that have merged or have plans to merge with one or more participating or non-participating employers into a new single entity or under the name of one of the participating or non-participating employers that are part of the merger.

(5) "New or separate employer" means:

(a) A participating employer with an actuarially accrued liability that forms, becomes, or is bought out by a non-participating employer; or

(b) A participating employer with an actuarially accrued liability that dissolves or becomes an inactive employer and another distinct entity is formed and assumes responsibility for a portion or all of the business.

(6) "Non-participating employer" means an entity that does not participate in the system.

(7) "Participating employer" means an employer that participates in the system.

(8) "Split or separated employer" means a participating employer with an actuarially accrued liability that divides into two (2) or more distinct entities.

(9) "Submit" means an employer required form, documentation, report, or payment has been received by the retirement office via mail, fax, electronic mail, the Employer Self Service Web site, or other mode specifically detailed in this administrative regulation.

(10) "System" means the Kentucky Employees Retirement System.

Section 2. Retroactive Effective Date of Application. This administrative regulation applies to the actuarially accrued liability of any participating employer that, on or after March 23, 2021, merges with another employer or entity, forms a new or separate employer or entity, or splits or separates operations into multiple employers or entities.

Section 3. Actuarially Accrued Liability Assignment.

(1)(a) Except as provided in paragraphs (b) and (c) of this subsection, when, on or after March 23, 2021, a participating employer that has an actuarially accrued liability becomes a merged employer, new or separate employer, or split or separated employer, the agency shall have full authority to assign a portion or all of the total actuarially accrued liability of the participating employer to:

1. The merged, new, split, separate, or separated participating employer or the merged non-participating employer; or

2. Another participating employer that voluntarily requests assignment of a portion or all of the total actuarially accrued liability of the participating employer under Section 8(2)(c) of this administrative regulation.

(b) Employers that pay the costs to cease participation in the system as provided by KRS 61.522 are not subject to the provisions of paragraph (a) of this subsection.

(c) In the case of a district health department that ceases to operate or that has a county or counties that withdraw from the district health department, the agency shall

assign the total actuarially accrued liability contribution based upon the proportion of taxable property of each county as certified by the Department for Public Health in the Cabinet for Health and Family Services in accordance with KRS 212.132.

(2) The effective date of the new assignment of actuarially accrued liability shall be the latter of:

(a) The first day of the month following the completion of the merger, split, separation, or formation of a new participating employer; or

(b) March 23, 2021.

(3) If a merged, new, split, separate, or separated participating employer or the merged non-participating employer fails to pay in full an actuarially accrued liability assigned to it pursuant to this administrative regulation and KRS 61.565, the agency may pursue all available remedies, including, but not limited to, actions set forth in KRS 61.675(4), and civil payments, legal fees, and costs in accordance with KRS 61.685(3).

#### Section 4. Notification of Merge, Split, Separating, or New Entity.

(1)(a) Prior to beginning the formal process or merging, splitting, separating, or becoming a new entity, a participating employer that has an actuarially accrued liability shall submit a written notification of the participating employer's intended merger, split, separation, or formation of a new entity. The written notification shall be on the participating employer's official letterhead.

(b) Following receipt of the notification required by paragraph (a) of this subsection, the agency shall make the relevant determination under Sections 5 through 9 of this administrative regulation.

(2) If the agency becomes aware, through any means, that a participating employer that has an actuarially accrued liability has merged, split, separated, or become a new or separate entity, and the participating employer failed to submit a written notification in compliance with subsection (1)(a) of this section, the agency shall make the relevant determination under Sections 5 through 9 of this administrative regulation.

#### Section 5. Merged Employers.

(1) The agency shall determine whether two (2) or more participating employers, or one (1) or more participating employer and one (1) or more non-participating employer, have become a merged employer on or after March 23, 2021.

(2) When two (2) or more participating employers with an actuarially accrued liability combine into a new single merged employer, then:

(a) The merged employer shall take the necessary steps to participate in the system in accordance with KRS 61.520; and

(b) The entire actuarially accrued liability shall be assigned to the merged employer.

(3)(a) When one (1) or more participating employers with an actuarially accrued liability combines with one (1) or more non-participating employer into a new single merged employer, then:

1. The merged employer may be required to take the necessary steps to participate in the system in accordance with KRS 61.520, as determined by the agency; and

2. The entire actuarially accrued liability shall be assigned to the merged employer.

(b) The agency shall have the authority to determine whether a merged employer as described in paragraph (a) of this subsection shall be required to take the necessary steps to participate in the system in accordance with KRS 61.520.



Section 6. New or Separate Employers.

(1) The agency shall determine whether a new or separate employer has been created on or after March 23, 2021.

(2) The entire actuarially accrued liability of the original participating employer that becomes the new or separate employer shall be assigned to the new or separate employer.

(3) The agency shall have the authority to determine whether a new or separate employer as described in subsection (1) of this section shall be required to or may take the necessary steps to participate in the system in accordance with KRS 61.520.

Section 7. Split or Separated Employers.

(1) The agency shall determine whether split or separated employers have been created on or after March 23, 2021.

(2) Split or separated employers shall be required to take the necessary steps to participate in the system in accordance with KRS 61.520.

(3) The actuarially accrued liability calculated for the original participating employer shall be split between the split or separated employers based on the percentage of participating employees with each split or separated employer.

Section 8. Inactive Employers.

(1) The agency shall determine whether a participating employer is an inactive employer.

(2) Except as provided in paragraphs (a) through (c) of this subsection, the actuarially accrued liability calculated for the inactive employer shall remain assigned to the inactive employer.

(a) If the inactive employer becomes part of a merged employer on or after March 23, 2021, the actuarially accrued liability of the inactive employer shall be assigned as described in Section 5 of this administrative regulation.

(b) If, relevant to the inactive employer, a new or separate employer is created on or after March 23, 2021, the actuarially accrued liability of the inactive employer shall be assigned as described in Section 6 of this administrative regulation.

(c) If any other participating employer with an actuarially accrued liability voluntarily requests that the agency assign it the actuarially accrued liability of the inactive employer, the actuarially accrued liability of the inactive employer shall be assigned by the agency to the other participating employer with an actuarially accrued liability.

Section 9. Other Similar Circumstances. Employers whose circumstances do not fit exactly into merged, new, split, separate, or separated participating employer, or merged non-participating employer as identified in Sections (5)-(8) of this administrative regulation, but have similar circumstances, shall be individually evaluated by the agency. The agency shall determine which section of this administrative regulation closest matches the employer circumstances and shall administer in accordance with the identified section.

APPROVED:

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DAVID L. EAGER,  
EXECUTIVE DIRECTOR  
KENTUCKY PUBLIC PENSIONS AUTHORITY

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DATE

**PUBLIC HEARING AND PUBLIC COMMENT PERIOD:** A public hearing to allow for public comment on this administrative regulation shall be held on December 21, 2023, at 10:00 a.m. Eastern Time at the Kentucky Public Pensions Authority (KPPA), 1270 Louisville Road, Frankfort, Kentucky 40601. Individuals interested in presenting a public comment at this hearing shall notify this agency in writing no later than five workdays prior to the hearing of their intent to attend. If no notification of intent to attend the hearing was received by that date, the hearing may be cancelled. A transcript of the public hearing will not be made unless a written request for a transcript is made.

If you do not wish to be heard at the public hearing, you may submit written comments on the proposed administrative regulation. Written comments shall be accepted until December 31, 2023. Send written notification of intent to be heard at the public hearing or written comments on the proposed administrative regulation to the contact person.

KPPA shall file a response with the Regulations Compiler to any public comments received, whether at the public comment hearing or in writing, via a Statement of Consideration no later than the 15<sup>th</sup> day of the month following the end of the public comment period, or upon filing a written request for extension, no later than the 15<sup>th</sup> day of the second month following the end of the public comment period.

**CONTACT PERSON:** Jessica Beaubien, Policy Specialist, Kentucky Public Pensions Authority, 1260 Louisville Road, Frankfort, KY 40601, email [Legal.Non-Advocacy@kyret.ky.gov](mailto:Legal.Non-Advocacy@kyret.ky.gov), telephone (502) 696-8800 ext. 8570, facsimile (502) 696-8615.

## REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Regulation number: 105 KAR 1:148E

Contact person: Jessica Beaubien

Phone number: 502-696-8800 ext. 8570

Email: [Legal.Non-Advocacy@kyret.ky.gov](mailto:Legal.Non-Advocacy@kyret.ky.gov)

(1) Provide a brief summary of:

(a) What this administrative regulation does: This administrative regulation establishes the procedures and requirements for the process of assigning actuarially accrued liability contributions for a Kentucky Employees Retirement System employer that, on or after March 23, 2021, merges with another employer or entity, forms a new or separate employer or entity, or splits or separates operations into multiple employers or entities.

(b) The necessity of this administrative regulation: To establish the procedures and requirements for the process of assigning actuarially accrued liability contributions for a Kentucky Employees Retirement System employer that, on or after March 23, 2021, merges with another employer or entity, forms a new or separate employer or entity, or splits or separates operations into multiple employers or entities.

(c) How this administrative regulation conforms to the content of the authorizing statutes: KRS 61.565(1)(d)4. Requires the establishment of an administrative regulation outlining the assignment of the actuarially accrued liability contribution for a Kentucky Employees Retirement System employer that, on or after March 23, 2021, merges with another employer or entity, forms a new or separate employer or entity, or splits or separates operations into multiple employers or entities. KRS 61.645(9)(e) authorizes the Board of Trustees of the Kentucky Retirement Systems to promulgate all administrative regulations necessary or proper in order to carry out the provisions of KRS 16.505 to 16.652 and 61.510 to 61.705, including KRS 61.565(1)(d)4.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: This administrative regulation establishes the procedures and requirements for the process of assigning actuarially accrued liability contributions for a Kentucky Employees Retirement System employer that, on or after March 23, 2021, merges with another employer or entity, forms a new or separate employer or entity, or splits or separates operations into multiple employers or entities.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation: This is a new administrative regulation.

(b) The necessity of the amendment to this administrative regulation: This is a new administrative regulation.(c) How the amendment conforms to the content of the authorizing statutes: This is a new administrative regulation.(d) How the amendment will assist in the effective administration of the statutes: This is a new administrative regulation.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: 325 employers that

participate in the Kentucky Employees Retirement System. These employers include county attorney offices, health departments, master commissioners, Non-P1 state agencies, other retirement systems, P1 state agencies, regional mental health boards, and universities. In addition, an unknown number of non-participating employers may be impacted in the event of a split, separated, newly formed, or merged employer as described in the administrative regulation. Finally, the Kentucky Public Pensions Authority is tasked with administering this administrative regulation.

(4) Provide an analysis of how the entities identified in question (3) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

(a) List the actions that each of the regulated entities identified in question (3) will have to take to comply with this administrative regulation or amendment. Regulated entities will be required to notify the Kentucky Public Pensions Authority via written statement on official letterhead of its intended merger, split, separation, or formation of a new entity. Regulated entities will be required to pay the actuarially accrued liability contribution as described in the administrative regulation. Finally, regulated entities may be required to comply with the participation determinations and requirements as described in the administrative regulation.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3): Unknown

(c) As a result of compliance, what benefits will accrue to the entities identified in question (3): There are no additional benefits for those identified entities.

(5) Provide an estimate of how much it will cost to implement this administrative regulation:

(a) Initially: Unknown

(b) On a continuing basis: Unknown

(6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation: Administrative expenses of the Kentucky Public Pensions Authority are paid from the Retirement Allowance Account (trust and agency funds).

(7) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment: There is no increase in fees or funding related to this administrative regulation.

(8) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees: This administrative regulation does not establish any fees or directly or indirectly increase any fees.

(9) TIERING: Is tiering applied? (Explain why or why not) Tiering is not applied.

## FISCAL NOTE

Regulation number: 105 KAR 1:148E

Contact person: Jessica Beaubien

Phone number: 502-696-8800 ext. 8570

Email: [Legal.Non-Advocacy@kyret.ky.gov](mailto:Legal.Non-Advocacy@kyret.ky.gov)

(1) What units, parts, or divisions of state or local government (including cities, counties, fire departments, or school districts) will be impacted by this administrative regulation? 325 county attorney offices, health departments, master commissioners, Non-P1 state agencies, other retirement systems, P1 state agencies, regional mental health boards, and universities that participate in the Kentucky Employees Retirement System. In addition, non-participating employers may be impacted in the event of a split, separated, newly formed, or merged employer as described in the administrative regulation. Finally, the Kentucky Public Pensions Authority is tasked with administering this administrative regulation.

(2) Identify each state or federal statute or federal regulation that requires or authorizes the action taken by the administrative regulation. KRS 61.565(1)(d)4. and 61.645(9)(e)

(3) Estimate the effect of this administrative regulation on the expenditures and revenues of a state or local government agency (including cities, counties, fire departments, or school districts) for the first full year the administrative regulation is to be in effect.

(a) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for the first year? This administrative regulation will not generate revenue.

(b) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for subsequent years? This administrative regulation will not generate revenue.

(c) How much will it cost to administer this program for the first year? Unknown

(d) How much will it cost to administer this program for subsequent years?

Unknown

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

Revenues (+/-):

Expenditures (+/-):

Other Explanation: The cost of administration of this administrative regulation depends on whether impacted entities that participate in the Kentucky Employees Retirement System split, separate, form a new entity, or merge as described in the administrative regulation.

(4) Estimate the effect of this administrative regulation on the expenditures and cost savings of regulated entities for the first full year the administrative regulation is to be in effect.

(a) How much cost savings will this administrative regulation generate for the regulated entities for the first year? This administrative regulation will not generate a cost savings.

(b) How much cost savings will this administrative regulation generate for the regulated entities for subsequent years? This administrative regulation will not generate a cost savings.

(c) How much will it cost the regulated entities for the first year? Unknown.

(d) How much will it cost the regulated entities for subsequent years? Unknown.

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

Cost Savings(+/-):

Expenditures (+/-):

Other Explanation: The fiscal impact of this administrative regulation depends on whether impacted entities that participate in the Kentucky Employees Retirement System split, separate, form a new entity, or merge as described in this administrative regulation.

(5) Explain whether this administrative regulation will have a major economic impact, as defined below. *"Major economic impact" means an overall negative or adverse economic impact from an administrative regulation of five hundred thousand dollars (\$500,000) or more on state or local government or regulated entities, in aggregate, as determined by the promulgating administrative bodies. [KRS 13A.010(13)].*

This administrative regulation is not expected to have an overall "negative or adverse" economic impact on the regulated entities.



## FINANCE AND ADMINISTRATION CABINET

Kentucky Public Pensions Authority

Kentucky Retirement Systems

(New Administrative Regulation)

105 KAR 1:148. Merged, Split, New, Separate, or Separated Employers or Entities.

RELATES TO: KRS 61.520, 61.522, 61.565, 61.645, 61.675, 61.685, 212.132

STATUTORY AUTHORITY: KRS 61.645(9)(e)

NECESSITY, FUNCTION, AND CONFORMITY: KRS 61.645(9)(e) authorizes the Board of Trustees of the Kentucky Retirement Systems to promulgate all administrative regulations necessary or proper in order to carry out the provisions of KRS 16.505 to 16.652 and 61.510 to 61.705, and to conform to federal statutes and regulations. As required by KRS 61.565(1)(d)4., this administrative regulation establishes the procedures and requirements for the process of assigning actuarially accrued liability contributions for a Kentucky Employees Retirement System employer that, on or after March 23, 2021, merges with another employer or entity, forms a new or separate employer or entity, or splits or separates operations into multiple employers or entities.

### Section 1. Definitions.

(1) "Actuarially accrued liability" means a prorated annual dollar contribution amount for employers with employees that have participated in or are participating in the system on or after July 1, 2021, that is based on the individual employer's percentage of the

system's total actuarially accrued liability as of June 30, 2019, and determined pursuant to KRS 61.565(1)(d)1.

(2) "Assign" means the transfer of legal and financial responsibility for paying the actuarially accrued liability to another participating or non-participating employer.

(3) "Inactive employer" means a participating employer that ceases to have any employees in a regular full-time position participating in the system.

(4) "Merged employer" means one or more participating employers with an actuarially accrued liability that have merged or have plans to merge with one or more participating or non-participating employers into a new single entity or under the name of one of the participating or non-participating employers that are part of the merger.

(5) "New or separate employer" means:

(a) A participating employer with an actuarially accrued liability that forms, becomes, or is bought out by a non-participating employer; or

(b) A participating employer with an actuarially accrued liability that dissolves or becomes an inactive employer and another distinct entity is formed and assumes responsibility for a portion or all of the business.

(6) "Non-participating employer" means an entity that does not participate in the system.

(7) "Participating employer" means an employer that participates in the system.

(8) "Split or separated employer" means a participating employer with an actuarially accrued liability that divides into two (2) or more distinct entities.

(9) "Submit" means an employer required form, documentation, report, or payment has been received by the retirement office via mail, fax, electronic mail, the Employer Self Service Web site, or other mode specifically detailed in this administrative regulation.

(10) "System" means the Kentucky Employees Retirement System.

Section 2. Retroactive Effective Date of Application. This administrative regulation applies to the actuarially accrued liability of any participating employer that, on or after March 23, 2021, merges with another employer or entity, forms a new or separate employer or entity, or splits or separates operations into multiple employers or entities.

Section 3. Actuarially Accrued Liability Assignment.

(1)(a) Except as provided in paragraphs (b) and (c) of this subsection, when, on or after March 23, 2021, a participating employer that has an actuarially accrued liability becomes a merged employer, new or separate employer, or split or separated employer, the agency shall have full authority to assign a portion or all of the total actuarially accrued liability of the participating employer to:

1. The merged, new, split, separate, or separated participating employer or the merged non-participating employer; or

2. Another participating employer that voluntarily requests assignment of a portion or all of the total actuarially accrued liability of the participating employer under Section 8(2)(c) of this administrative regulation.

(b) Employers that pay the costs to cease participation in the system as provided by KRS 61.522 are not subject to the provisions of paragraph (a) of this subsection.

(c) In the case of a district health department that ceases to operate or that has a county or counties that withdraw from the district health department, the agency shall

assign the total actuarially accrued liability contribution based upon the proportion of taxable property of each county as certified by the Department for Public Health in the Cabinet for Health and Family Services in accordance with KRS 212.132.

(2) The effective date of the new assignment of actuarially accrued liability shall be the latter of:

(a) The first day of the month following the completion of the merger, split, separation, or formation of a new participating employer; or

(b) March 23, 2021.

(3) If a merged, new, split, separate, or separated participating employer or the merged non-participating employer fails to pay in full an actuarially accrued liability assigned to it pursuant to this administrative regulation and KRS 61.565, the agency may pursue all available remedies, including, but not limited to, actions set forth in KRS 61.675(4), and civil payments, legal fees, and costs in accordance with KRS 61.685(3).

#### Section 4. Notification of Merge, Split, Separating, or New Entity.

(1)(a) Prior to beginning the formal process or merging, splitting, separating, or becoming a new entity, a participating employer that has an actuarially accrued liability shall submit a written notification of the participating employer's intended merger, split, separation, or formation of a new entity. The written notification shall be on the participating employer's official letterhead.

(b) Following receipt of the notification required by paragraph (a) of this subsection, the agency shall make the relevant determination under Sections 5 through 9 of this administrative regulation.

(2) If the agency becomes aware, through any means, that a participating employer that has an actuarially accrued liability has merged, split, separated, or become a new or separate entity, and the participating employer failed to submit a written notification in compliance with subsection (1)(a) of this section, the agency shall make the relevant determination under Sections 5 through 9 of this administrative regulation.

#### Section 5. Merged Employers.

(1) The agency shall determine whether two (2) or more participating employers, or one (1) or more participating employer and one (1) or more non-participating employer, have become a merged employer on or after March 23, 2021.

(2) When two (2) or more participating employers with an actuarially accrued liability combine into a new single merged employer, then:

(a) The merged employer shall take the necessary steps to participate in the system in accordance with KRS 61.520; and

(b) The entire actuarially accrued liability shall be assigned to the merged employer.

(3)(a) When one (1) or more participating employers with an actuarially accrued liability combines with one (1) or more non-participating employer into a new single merged employer, then:

1. The merged employer may be required to take the necessary steps to participate in the system in accordance with KRS 61.520, as determined by the agency; and

2. The entire actuarially accrued liability shall be assigned to the merged employer.

(b) The agency shall have the authority to determine whether a merged employer as described in paragraph (a) of this subsection shall be required to take the necessary steps to participate in the system in accordance with KRS 61.520.

Section 6. New or Separate Employers.

(1) The agency shall determine whether a new or separate employer has been created on or after March 23, 2021.

(2) The entire actuarially accrued liability of the original participating employer that becomes the new or separate employer shall be assigned to the new or separate employer.

(3) The agency shall have the authority to determine whether a new or separate employer as described in subsection (1) of this section shall be required to or may take the necessary steps to participate in the system in accordance with KRS 61.520.

Section 7. Split or Separated Employers.

(1) The agency shall determine whether split or separated employers have been created on or after March 23, 2021.

(2) Split or separated employers shall be required to take the necessary steps to participate in the system in accordance with KRS 61.520.

(3) The actuarially accrued liability calculated for the original participating employer shall be split between the split or separated employers based on the percentage of participating employees with each split or separated employer.

Section 8. Inactive Employers.

(1) The agency shall determine whether a participating employer is an inactive employer.

(2) Except as provided in paragraphs (a) through (c) of this subsection, the actuarially accrued liability calculated for the inactive employer shall remain assigned to the inactive employer.

(a) If the inactive employer becomes part of a merged employer on or after March 23, 2021, the actuarially accrued liability of the inactive employer shall be assigned as described in Section 5 of this administrative regulation.

(b) If, relevant to the inactive employer, a new or separate employer is created on or after March 23, 2021, the actuarially accrued liability of the inactive employer shall be assigned as described in Section 6 of this administrative regulation.

(c) If any other participating employer with an actuarially accrued liability voluntarily requests that the agency assign it the actuarially accrued liability of the inactive employer, the actuarially accrued liability of the inactive employer shall be assigned by the agency to the other participating employer with an actuarially accrued liability.

Section 9. Other Similar Circumstances. Employers whose circumstances do not fit exactly into merged, new, split, separate, or separated participating employer, or merged non-participating employer as identified in Sections (5)-(8) of this administrative regulation, but have similar circumstances, shall be individually evaluated by the agency. The agency shall determine which section of this administrative regulation closest matches the employer circumstances and shall administer in accordance with the identified section.

APPROVED:

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DAVID L. EAGER,  
EXECUTIVE DIRECTOR  
KENTUCKY PUBLIC PENSIONS AUTHORITY

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DATE



**PUBLIC HEARING AND PUBLIC COMMENT PERIOD:** A public hearing to allow for public comment on this administrative regulation shall be held on December 21, 2023, at 10:00 a.m. Eastern Time at the Kentucky Public Pensions Authority (KPPA), 1270 Louisville Road, Frankfort, Kentucky 40601. Individuals interested in presenting a public comment at this hearing shall notify this agency in writing no later than five workdays prior to the hearing of their intent to attend. If no notification of intent to attend the hearing was received by that date, the hearing may be cancelled. A transcript of the public hearing will not be made unless a written request for a transcript is made.

If you do not wish to be heard at the public hearing, you may submit written comments on the proposed administrative regulation. Written comments shall be accepted until December 31, 2023. Send written notification of intent to be heard at the public hearing or written comments on the proposed administrative regulation to the contact person.

KPPA shall file a response with the Regulations Compiler to any public comments received, whether at the public comment hearing or in writing, via a Statement of Consideration no later than the 15<sup>th</sup> day of the month following the end of the public comment period, or upon filing a written request for extension, no later than the 15<sup>th</sup> day of the second month following the end of the public comment period.

**CONTACT PERSON:** Jessica Beaubien, Policy Specialist, Kentucky Public Pensions Authority, 1260 Louisville Road, Frankfort, KY 40601, email [Legal.Non-Advocacy@kyret.ky.gov](mailto:Legal.Non-Advocacy@kyret.ky.gov), telephone (502) 696-8800 ext. 8570, facsimile (502) 696-8615.

## REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Regulation number: 105 KAR 1:148

Contact person: Jessica Beaubien

Phone number: 502-696-8800 ext. 8570

Email: Legal.Non-Advocacy@kyret.ky.gov

(1) Provide a brief summary of:

(a) What this administrative regulation does: This administrative regulation establishes the procedures and requirements for the process of assigning actuarially accrued liability contributions for a Kentucky Employees Retirement System employer that, on or after March 23, 2021, merges with another employer or entity, forms a new or separate employer or entity, or splits or separates operations into multiple employers or entities.

(b) The necessity of this administrative regulation: To establish the procedures and requirements for the process of assigning actuarially accrued liability contributions for a Kentucky Employees Retirement System employer that, on or after March 23, 2021, merges with another employer or entity, forms a new or separate employer or entity, or splits or separates operations into multiple employers or entities.

(c) How this administrative regulation conforms to the content of the authorizing statutes: KRS 61.565(1)(d)4. requires the establishment of administrative regulation outlining the assignment of the actuarially accrued liability contribution for a Kentucky Employees Retirement System employer that, on or after March 23, 2021, merges with another employer or entity, forms a new or separate employer or entity, or splits or separates operations into multiple employers or entities. KRS 61.645(9)(e) authorizes the Board of Trustees of the Kentucky Retirement Systems to promulgate all administrative regulations necessary or proper in order to carry out the provisions of KRS 16.505 to 16.652 and 61.510 to 61.705, including KRS 61.565(1)(d)4.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: This administrative regulation establishes the procedures and requirements for the process of assigning actuarially accrued liability contributions for a Kentucky Employees Retirement System employer that, on or after March 23, 2021, merges with another employer or entity, forms a new or separate employer or entity, or splits or separates operations into multiple employers or entities.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation: This is a new administrative regulation.

(b) The necessity of the amendment to this administrative regulation: This is a new administrative regulation. (c) How the amendment conforms to the content of the authorizing statutes: This is a new administrative regulation. (d) How the amendment will assist in the effective administration of the statutes: This is a new administrative regulation.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: 325 employers that participate in the Kentucky Employees Retirement System. These employers include county attorney offices, health departments, master commissioners, Non-P1 state agencies, other retirement systems, P1 state agencies, regional mental health boards, and universities. In addition, an unknown number of non-participating employers may be impacted in the event of a split, separated, newly formed, or merged employer as described in the administrative regulation. Finally, the Kentucky Public Pensions Authority is tasked with administering this administrative regulation.

(4) Provide an analysis of how the entities identified in question (3) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an

amendment, including:

(a) List the actions that each of the regulated entities identified in question (3) will have to take to comply with this administrative regulation or amendment: Regulated entities will be required to notify the Kentucky Public Pensions Authority via written statement on official letterhead of its intended merger, split, separation, or formation of a new entity. Regulated entities will be required to pay the actuarially accrued liability contribution as described in the administrative regulation. Finally, regulated entities may be required to comply with the participation determinations and requirements as described in the administrative regulation.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3): Unknown

(c) As a result of compliance, what benefits will accrue to the entities identified in question

(3): There are no additional benefits for those identified entities.

(5) Provide an estimate of how much it will cost to implement this administrative regulation:

(a) Initially: Unknown

(b) On a continuing basis: Unknown

(6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation: Administrative expenses of the Kentucky Public Pensions Authority are paid from the Retirement Allowance Account (trust and agency funds).

(7) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment: There is no increase in fees or funding related to this administrative regulation.

(8) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees: This administrative regulation does not establish any fees or directly or indirectly increase any fees.

(9) TIERING: Is tiering applied? (Explain why or why not) Tiering is not applied.

## FISCAL NOTE

Regulation number: 105 KAR 1:148  
Contact person: Jessica Beaubien  
Phone number: 502-696-8800 ext. 8570  
Email: Legal.Non-Advocacy@kyret.ky.gov

(1) What units, parts, or divisions of state or local government (including cities, counties, fire departments, or school districts) will be impacted by this administrative regulation? 325 county attorney offices, health departments, master commissioners, Non-P1 state agencies, other retirement systems, P1 state agencies, regional mental health boards, and universities that participate in the Kentucky Employees Retirement System. In addition, non-participating employers may be impacted in the event of a split, separated, newly formed, or merged employer as described in the administrative regulation. Finally, the Kentucky Public Pensions Authority is tasked with administering this administrative regulation.

(2) Identify each state or federal statute or federal regulation that requires or authorizes the action taken by the administrative regulation. KRS 61.565(1)(d)4. and 61.645(9)(e)

(3) Estimate the effect of this administrative regulation on the expenditures and revenues of a state or local government agency (including cities, counties, fire departments, or school districts) for the first full year the administrative regulation is to be in effect.

(a) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for the first year? This administrative regulation will not generate revenue.

(b) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for subsequent years? This administrative regulation will not generate revenue.

(c) How much will it cost to administer this program for the first year? Unknown

(d) How much will it cost to administer this program for subsequent years? Unknown

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

Revenues (+/-):

Expenditures (+/-):

Other Explanation: The cost of administration of this administrative regulation depends on whether impacted entities that participate in the Kentucky Employees Retirement System split, separate, form a new entity, or merge as described in this administrative regulation.

(4) Estimate the effect of this administrative regulation on the expenditures and cost savings of regulated entities for the first full year the administrative regulation is to be in effect.

(a) How much cost savings will this administrative regulation generate for the regulated entities for the first year? This administrative regulation will not generate a cost savings.

(b) How much cost savings will this administrative regulation generate for the regulated entities for subsequent years? This administrative regulation will not generate a cost savings.

(c) How much will it cost the regulated entities for the first year? Unknown

(d) How much will it cost the regulated entities for subsequent years? Unknown

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

Cost Savings(+/-):

Expenditures (+/-):

Other Explanation: The fiscal impact of this administrative regulation depends on whether impacted entities that participate in the Kentucky Employees Retirement System split, separate, form a new entity, or merge as described in this administrative regulation.

(5) Explain whether this administrative regulation will have a major economic impact, as defined below. *"Major economic impact" means an overall negative or adverse economic impact from an administrative regulation of five hundred thousand dollars (\$500,000) or more on state or local government or regulated entities, in aggregate, as determined by the promulgating administrative bodies. [KRS 13A.010(13)].* This administrative regulation is not expected to have an overall "negative or adverse" economic impact on the regulated entities.



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

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

	KERS		SPRS	KRS TOTAL		Percentage of	Note
ASSETS	Nonhazardous	Hazardous		FY 2023	FY 2022	Change	
<b>CASH AND SHORT-TERM INVESTMENTS</b>							
Cash Deposits	\$375	\$141	\$35	\$551	\$180	205.55%	1
Short-term Investments	648,780	89,143	133,780	871,703	715,126	21.90%	2
<b>Total Cash and Short-term Investments</b>	<b>649,155</b>	<b>89,284</b>	<b>133,815</b>	<b>872,254</b>	<b>715,306</b>	<b>21.94%</b>	
<b>RECEIVABLES</b>							
Accounts Receivable	87,322	4,216	5,340	96,878	99,770	(2.90)%	
Accounts Receivable - Investments	31,172	6,728	5,800	43,700	24,336	79.57%	3
<b>Total Receivables</b>	<b>118,493</b>	<b>10,944</b>	<b>11,140</b>	<b>140,577</b>	<b>124,106</b>	<b>13.27%</b>	
<b>INVESTMENTS, AT FAIR VALUE</b>							
Core Fixed Income	708,383	106,016	118,419	932,818	832,207	12.09%	4
Public Equities	1,169,731	389,000	190,147	1,748,878	1,376,310	27.07%	5
Private Equities	159,836	63,179	16,596	239,612	284,959	(15.91)%	6
Specialty Credit	613,193	183,057	101,064	897,314	831,009	7.98%	
Derivatives	(2,045)	(306)	(342)	(2,694)	(1,400)	(92.37)%	7
Real Return	72,726	24,325	10,693	107,743	92,238	16.81%	8
Real Estate	170,599	46,519	20,166	237,285	230,674	2.87%	
<b>Total Investments, at Fair Value</b>	<b>2,892,423</b>	<b>811,790</b>	<b>456,744</b>	<b>4,160,957</b>	<b>3,645,996</b>	<b>14.12%</b>	
Securities Lending Collateral Invested	71,804	18,277	12,028	102,109	112,739	(9.43)%	
<b>CAPITAL/INTANGIBLE ASSETS</b>							
Capital Assets	929	91	11	1,031	1,031	0.00%	
Intangible Assets	5,920	494	100	6,513	6,513	0.00%	
Accumulated Depreciation	(929)	(91)	(11)	(1,031)	(1,031)	0.00%	
Accumulated Amortization	(5,920)	(494)	(100)	(6,513)	(6,360)	2.41%	
<b>Total Capital Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>153</b>	<b>(100.00)%</b>	
<b>Total Assets</b>	<b>3,731,875</b>	<b>930,295</b>	<b>613,726</b>	<b>5,275,897</b>	<b>4,598,299</b>	<b>14.74%</b>	
<b>LIABILITIES</b>							
Accounts Payable	2,567	599	56	3,221	2,081	54.76%	9
Investment Accounts Payable	50,340	8,852	8,816	68,008	34,573	96.71%	10
Securities Lending Collateral	71,804	18,277	12,028	102,109	112,739	(9.43)%	11
<b>Total Liabilities</b>	<b>124,711</b>	<b>27,727</b>	<b>20,900</b>	<b>173,338</b>	<b>149,393</b>	<b>16.03%</b>	
<b>Total Fiduciary Net Position</b>							
<b>Restricted for Pension Benefits</b>	<b>\$3,607,165</b>	<b>\$902,568</b>	<b>\$592,826</b>	<b>\$5,102,559</b>	<b>\$4,448,906</b>	<b>14.69%</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. As a result of an Internal Audit finding, we continue to evaluate the optimum cash balances at JP Morgan Chase.
- 2) Short Term Investments are primarily comprised of the cash on hand at the custodial bank, the balance is larger than normal due to additional General Fund appropriations for SPRS (\$215M end of FY22) and KERS Non hazardous (\$180M).
- 3) The variance in Investment Accounts Receivable is due to pending trades.
- 4) The increase in Core Fixed Income is a result of favorable market conditions as well as additional funding.
- 5) The increase in Public Equities is the result of favorable market conditions resulting in realized and unrealized gains
- 6) The decline in private equity is a result of unrealized losses and distributions. Note: KRS pension funds did not commit to any new private equity funds from 2011-2020, therefore, there are less contributions and appreciation from newer funds to offset the distributions from the older funds.
- 7) The variance in Derivatives is a result of hedging and arbitration of risk within the portfolios.
- 8) Despite the increase shown on the statements for Real Return, the overall asset class has actually declined due to the liquidation of Putnam. However, most of Putnam's assets were held in cash (Short-term Investments) at the end of FY22 which is skewing the data.
- 9) The variance in Accounts Payable is due to an increase in the payroll and leave liability accrual as well as an increase in outstanding employer credit invoices.
- 10) The variance in Investment Accounts Payable is due to pending trades.
- 11) The variance is a result of the demand of the Securities Lending Program.



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

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

	KERS		SPRS	KRS Total		Percentage of Change	Note
	Nonhazardous	Hazardous		FY 2023	FY 2022		
ADDITIONS							
Member Contributions	\$84,563	\$17,459	\$5,250	\$107,271	\$93,211	15.08%	1
Employer Pay Credit	\$22,012	\$8,758	\$1,585	\$32,354	\$21,757	48.70%	2
Employer Contributions	114,408	64,021	56,536	234,965	262,420	(10.46)%	3
Actuarially Accrued Liability Contributions (AALC)	898,546	-	-	898,546	912,705	(1.55)%	
General Fund Appropriation	240,000	-	-	240,000	215,000	11.63%	4
Pension Spiking Contributions	16	29	-	44	27	64.97%	5
Health Insurance Contributions (HB1)	(12)	(7)	(8)	(27)	(44)	(38.52)%	6
Employer Cessation Contributions	-	-	-	-	63,113	(100.00)%	7
Total Contributions	1,359,532	90,259	63,362	1,513,153	1,568,189	(3.51)%	
INVESTMENT INCOME							
From Investing Activities							
Net Appreciation (Depreciation) in FV of Investments							
	134,777	56,604	25,422	216,802	(314,031)	169.04%	8
Interest/Dividends	102,220	26,388	17,889	146,496	108,409	35.13%	9
Total Investing Activities Income	236,996	82,991	43,311	363,298	(205,623)		
Less: Investment Expense	15,205	4,914	2,227	22,346	15,689	42.44%	10
Less: Performance Fees	1,866	910	336	3,111	19,058	(83.67)%	11
Net Income from Investing Activities	219,926	77,167	40,748	337,841	(240,370)		
From Securities Lending Activities							
Securities Lending Income	2,918	867	489	4,273	453		
Less: Securities Lending Borrower Rebates	2,526	756	426	3,707	(108)		
Less: Securities Lending Agent Fees	59	17	9	85	84		
Net Income from Securities Lending	333	94	53	481	477	0.88%	
Net Investment Income	220,259	77,262	40,801	338,322	(239,893)	241.03%	
Total Additions	1,579,791	167,520	104,164	1,851,475	1,328,296	39.39%	
DEDUCTIONS							
Benefit Payments	1,023,704	78,636	63,804	1,166,143	1,164,543	0.14%	
Refunds	11,847	4,041	166	16,054	17,372	(7.59)%	
Administrative Expenses	13,818	1,513	293	15,625	15,077	3.63%	
Total Deductions	1,049,369	84,190	64,263	1,197,822	1,196,992	0.07%	
Net Increase (Decrease) in Fiduciary Net Position Restricted for Pension Benefits							
Total Fiduciary Net Position Restricted for Pension Benefits	530,422	83,330	39,900	653,652	131,304		
Total Fiduciary Net Position Restricted for Pension Benefits							
Beginning of Period	3,076,743	819,237	552,926	4,448,906	4,317,602	3.04%	
End of Period	\$3,607,165	\$902,568	\$592,826	\$5,102,559	\$4,448,906	14.69%	

#### NOTE - Variance Explanation

Differences due to rounding.

- 1) Member Contributions increased due to an increase in covered payroll.
- 2) The Employer Pay Credit will continue to increase as Tier 3 members increase.
- 3) Employer Contributions decreased due to the receipt of the 06/30/2021 payroll from PC001/KHRIS (at the 73.285% rate), paid and posted to 07/2021 (FY 2022).
- 4) General Fund Appropriation 4th Quarter FY 2023 (KERS only): HB1 \$135,000,000; HB604 \$105,000,000; Compared to 4th Quarter FY 2022 (SPRS only) \$215,000,000;
- 5) Pension Spiking contributions increased due to an increase in KERS Hazardous.
- 6) 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.
- 7) Employer Cessation payment received from Kentucky Housing Corporation FY2022.
- 8) The increase in Net Appreciation in Fair Value of Investments is the result of unrealized gains in public equity.
- 9) The increase in income is the result of rising interest rates creating additional income for Core Fixed Income and Cash, which KRS plans hold a larger allocation.
- 10) The increase in Investment Expense is primarily the result of increased partnership expenses for Specialty Credit.
- 11) The decrease in performance fees is the result of less than favorable market conditions causing returns to drop, impacting those fees directly related to performance most notably Private Equity, Real Estate and Specialty Credit.



## Combining Statement of Fiduciary Net Position - Insurance Funds

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

	KERS		SPRS	KRS Total		Percentage of	
	Nonhazardous	Hazardous		FY 2023	FY 2022	Change	Note
<b>ASSETS</b>							
<b>CASH AND SHORT-TERM INVESTMENTS</b>							
Cash Deposits	\$105	\$9	\$8	\$122	\$135	(9.74)%	1
Short-term Investments	170,092	29,906	10,868	210,865	240,494	(12.32)%	2
<b>Total Cash and Short-term Investments</b>	<b>170,196</b>	<b>29,915</b>	<b>10,876</b>	<b>210,987</b>	<b>240,630</b>	<b>(12.32)%</b>	
<b>RECEIVABLES</b>							
Accounts Receivable	13,235	334	956	14,525	14,287	1.66%	
Investment Accounts Receivable	11,749	4,294	1,762	17,805	10,819	64.58%	3
<b>Total Receivables</b>	<b>24,984</b>	<b>4,628</b>	<b>2,719</b>	<b>32,331</b>	<b>25,106</b>	<b>28.78%</b>	
<b>INVESTMENTS, AT FAIR VALUE</b>							
Core Fixed Income	171,536	72,740	27,887	272,163	250,357	8.71%	
Public Equities	637,102	268,599	108,362	1,014,064	843,914	20.16%	4
Private Equities	94,390	53,885	23,922	172,198	168,234	2.36%	
Specialty Credit	295,825	134,897	53,531	484,253	439,957	10.07%	5
Derivatives	(478)	(200)	(78)	(756)	(359)	(110.61)%	6
Real Return	31,681	17,472	6,563	55,716	50,216	10.95%	7
Real Estate	54,522	39,974	15,293	109,789	108,188	1.48%	
<b>Total Investments, at Fair Value</b>	<b>1,284,579</b>	<b>587,368</b>	<b>235,481</b>	<b>2,107,427</b>	<b>1,860,506</b>	<b>13.27%</b>	
Securities Lending Collateral Invested	26,420	11,270	4,491	42,181	46,260	(8.82)%	
<b>Total Assets</b>	<b>1,506,180</b>	<b>633,180</b>	<b>253,566</b>	<b>2,392,926</b>	<b>2,172,502</b>	<b>10.15%</b>	
<b>LIABILITIES</b>							
Accounts Payable	118	(0)	1	118	135	(12.35)%	8
Investment Accounts Payable	14,161	5,588	2,277	22,027	14,668	50.17%	9
Securities Lending Collateral	26,420	11,270	4,491	42,181	46,260	(8.82)%	10
<b>Total Liabilities</b>	<b>40,699</b>	<b>16,858</b>	<b>6,769</b>	<b>64,326</b>	<b>61,063</b>	<b>5.34%</b>	
<b>Total Fiduciary Net Position Restricted for OPEB</b>	<b>\$1,465,480</b>	<b>\$616,322</b>	<b>\$246,797</b>	<b>\$2,328,599</b>	<b>\$2,111,438</b>	<b>10.28%</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. As a result of an Internal Audit finding, we continue to evaluate the optimum cash balances at JP Morgan Chase.
- 2) Short term investments are primarily comprised of cash on hand at the custodial bank, the variance in the balance is a result of the cash flows of each plan.
- 3) The variance in Investment Accounts Receivable is the result of pending trades.
- 4) The increase in Public Equities is the result of favorable market conditions resulting in realized and unrealized gains
- 5) The increase in Specialty Credit is the result of additional funding by KERS and favorable market conditions resulting in unrealized gains.
- 6) The variance in Derivatives is a result of hedging and arbitration of risk within the portfolios.
- 7) Despite the increase shown on the statements for Real Return, the overall asset class has actually declined due to liquidation of Putnam. However, most of Putnam's assets were held in cash (Short-term Investments) at the end of FY22 due to the liquidation which is skewing the data.
- 8) The decrease in Accounts Payable is due to an decrease in outstanding employer credit invoices.
- 9) The variance in Investment Accounts Payable is due to pending trades.
- 10) The variance is a result of the demands of the Securities Lending Program.





**Combining Statement of Changes In Fiduciary Net Position - Insurance Funds**  
For the twelve month period ending June 30, 2023, with Comparative Totals for the twelve month period ending June 30, 2022 (\$ In Thousands) (Unaudited)



	KERS		SPRS	KRS Total		Percentage of	
	Nonhazardous	Hazardous		FY 2023	FY 2022	Change	Note
ADDITIONS							
Employer Contributions	\$35,542	\$37	\$9,289	\$44,869	\$40,394	11.08%	1
Actuarially Accrued Liability Contributions (AALC)	87,674	-	-	87,674	101,637	(13.74)%	2
Medicare Drug Reimbursement	4	-	-	4	1	174.54%	
Insurance Premiums	(27)	(69)	(131)	(227)	101	(324.41)%	3
Humana Gain Share Payment	4,851	368	224	5,444	8,211	(33.70)%	4
Retired Re-employed Healthcare	5,885	1,452	-	7,336	6,321	16.07%	5
Health Insurance Contributions (HB1)	8,368	1,591	356	10,316	8,048	28.19%	6
Employer Cessation Contributions	-	-	-	-	2,404	(100.00)%	7
Total Contributions	142,297	3,380	9,738	155,416	167,117	(7.00)%	
INVESTMENT INCOME							
From Investing Activities							
Net Appreciation (Depreciation) in FV of Investments	95,983	39,902	16,099	151,984	(156,872)	196.88%	8
Interest/Dividends	42,258	17,802	7,164	67,224	58,518	14.88%	9
Total Investing Activities Income	138,242	57,704	23,263	219,208	(98,354)		
Less: Investment Expense	7,451	3,946	1,559	12,956	10,535	22.99%	10
Less: Performance Fees	2,870	819	299	3,988	15,096	(73.58)%	11
Net Income from Investing Activities	127,921	52,939	21,404	202,264	(123,985)		
From Securities Lending Activities							
Securities Lending Income	1,124	460	196	1,779	213		
Less: Securities Lending Borrower Rebates	969	399	169	1,537	(66)		
Less: Securities Lending Agent Fees	23	9	4	36	42		
Net Income from Securities Lending	132	52	23	206	237	(13.07)%	12
Net Investment Income	128,052	52,991	21,427	202,470	(123,748)	263.62%	
Total Additions	270,350	56,371	31,165	357,886	43,370	725.19%	
DEDUCTIONS							
Healthcare Premiums Subsidies	103,952	19,748	14,290	137,991	153,268	(9.97)%	
Administrative Expenses	771	123	74	968	1,018		
Self-Funded Healthcare Costs	1,668	80	18	1,766	1,654	6.76%	
Excise Tax Insurance	-	-	-	-	7	(100.00)%	13
Total Deductions	106,391	19,951	14,382	140,725	155,947	(9.76)%	
Net Increase (Decrease) in Fiduciary Net Position Restricted for OPEB	163,959	36,420	16,782	217,161	(112,578)		
Total Fiduciary Net Position Restricted for OPEB							
Beginning of Period	1,301,522	579,902	230,015	2,111,438	2,224,016	(5.06)%	
End of Period	\$1,465,480	\$616,322	\$246,797	\$2,328,599	\$2,111,438	10.28%	

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

- 1) The increase Employer Contributions is due to an increase in covered payroll.
- 2) AALC will fluctuate year to year based on the actuarial valuation.
- 3) Health Insurance Premiums decreased due to refunds processed to hazardous retirees for premiums paid for dependents that should have been covered by KPPA.
- 4) The Humana Gain Share payment will fluctuate year to year based on claims paid.
- 5) The increase in Retired Re-employed Healthcare Contributions is due to an increase in retired re-employed members in KERS and KERS Hazardous.
- 6) Health Insurance Contributions will continue to rise as Tier 2 and Tier 3 members increase.
- 7) Employer Cessation payment received from Kentucky Housing Corporation FY2022.
- 8) The increase in Net Appreciation in Fair Value of Investments is the result of unrealized gains in public equity.
- 9) The increase in income is the result of rising interest rates creating additional income for Core Fixed Income and Cash which KRS plans hold a larger allocation.
- 10) The increase in Investment Expense is primarily the result of increased partnership expenses for Specialty Credit.

**Pension Funds Contribution Report**

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

 	Kentucky Employees Retirement System				State Police Retirement System	
	Nonhazardous		Hazardous			
	FY23	FY22	FY23	FY22	FY23	FY22
Member Contributions	\$84.6	\$74.2	\$17.5	\$15.1	\$5.2	\$3.9
Employer Pay Credit	\$22.0	\$15.3	\$8.7	\$5.5	\$1.6	\$0.9
Employer Contributions	114.4	141.1	64.0	59.1	56.5	62.3
Actuarially Accrued Liability Contributions	898.5	912.7	-	-	-	-
Employer Cessation Contributions	-	63.1	-	-	-	-
General Fund Appropriations	240.0	-	-	-	-	215.0
Net Investment Income	85.5	52.7	20.7	15.1	15.4	6.3
<b>Total Inflows</b>	<b>1,445.0</b>	<b>1,259.1</b>	<b>110.9</b>	<b>94.8</b>	<b>78.7</b>	<b>288.4</b>
Benefit Payments/Refund	1,035.6	1,035.5	82.7	82.0	64.0	64.4
Administrative Expenses	13.8	13.3	1.5	1.5	0.3	0.3
<b>Total Outflows</b>	<b>1,049.4</b>	<b>1,048.8</b>	<b>84.2</b>	<b>83.5</b>	<b>64.3</b>	<b>64.7</b>
<b>NET Contributions</b>	<b>395.6</b>	<b>210.2</b>	<b>26.7</b>	<b>11.3</b>	<b>14.4</b>	<b>223.7</b>
Realized Gain/(Loss)	(18.7)	91.4	(1.4)	35.3	(4.1)	11.3
Unrealized Gain/(Loss)	153.5	(310.0)	58.0	(102.3)	29.5	(39.8)
<b>Change in Net Position</b>	<b>530.4</b>	<b>(8.4)</b>	<b>83.3</b>	<b>(55.7)</b>	<b>39.8</b>	<b>195.2</b>
<b>Beginning of Period</b>	<b>3,076.7</b>	<b>3,085.0</b>	<b>819.2</b>	<b>874.9</b>	<b>552.9</b>	<b>357.7</b>
<b>End of Period</b>	<b>\$3,607.1</b>	<b>\$3,076.7</b>	<b>902.5</b>	<b>\$819.2</b>	<b>\$592.7</b>	<b>\$552.9</b>



*Differences due to rounding.*

Net Contributions*	\$310.1	\$157.5	\$6.0	\$(3.8)	\$(1.0)	\$217.4
Cash Flow as % of Assets	8.60%	5.12%	0.67%	(0.46)%	(0.17)%	39.31%
Net Investment Income	\$85.5	\$52.7	\$20.7	\$15.1	\$15.4	\$6.3
Yield as % of Assets	2.37%	1.71%	2.29%	1.84%	2.59%	1.15%

*\*Net Contributions are less Net Investment Income.*

**Insurance Fund Contribution Report**

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

 	Kentucky Employees Retirement System				State Police Retirement System	
	Nonhazardous		Hazardous			
	FY23	FY22	FY23	FY22	FY23	FY22
Employer Contributions	\$35.5	\$31.6	\$-	\$-	\$9.3	\$8.8
Actuarially Accrued Liability Contributions	87.7	101.6	-	-	-	-
Employer Cessation Contributions	-	2.4	-	-	-	-
Insurance Premiums	-	0.2	(0.1)	-	(0.1)	-
Humana Gain Share	4.9	7.3	0.4	0.5	0.2	0.3
Retired Reemployed Healthcare	5.9	5.1	1.5	1.3	-	-
Health Insurance Contributions	8.4	6.6	1.6	1.2	0.4	0.3
Net Investment Income	32.1	20.0	13.1	9.5	5.3	3.6
<b>Total Inflows</b>	<b>174.5</b>	<b>174.8</b>	<b>16.5</b>	<b>12.5</b>	<b>15.1</b>	<b>13.0</b>
Healthcare Premiums	105.6	120.0	19.8	20.5	14.3	14.5
Administrative Expenses	0.8	0.8	0.1	0.1	0.1	0.1
<b>Total Outflows</b>	<b>106.4</b>	<b>120.8</b>	<b>19.9</b>	<b>20.6</b>	<b>14.4</b>	<b>14.6</b>
<b>NET Contributions</b>	<b>68.1</b>	<b>54.0</b>	<b>(3.4)</b>	<b>(8.1)</b>	<b>0.7</b>	<b>(1.6)</b>
Realized Gain/(Loss)	(7.2)	40.9	0.1	26.9	(0.1)	11.3
Unrealized Gain/(Loss)	103.1	(146.5)	39.8	(63.8)	16.2	(25.7)
<b>Change in Net Position</b>	<b>164.0</b>	<b>(51.6)</b>	<b>36.5</b>	<b>(45.0)</b>	<b>16.8</b>	<b>(16.0)</b>
<b>Beginning of Period</b>	<b>1,301.5</b>	<b>1,353.1</b>	<b>579.9</b>	<b>624.9</b>	<b>230.0</b>	<b>246.0</b>
<b>End of Period</b>	<b>\$1,465.5</b>	<b>\$1,301.5</b>	<b>\$616.4</b>	<b>\$579.9</b>	<b>\$246.8</b>	<b>\$230.0</b>

*Differences due to rounding.*

Net Contributions*	\$36.0	\$34.0	\$(16.5)	\$(17.6)	\$(4.6)	\$(5.2)
Cash Flow as % of Assets	2.46%	2.61%	(2.67)%	(3.02)%	(1.88)%	(2.27)%
Net Investment Income	\$32.1	\$20.0	\$13.1	\$9.5	\$5.3	\$3.6
Yield as % of Assets	2.19%	1.54%	2.12%	1.63%	2.16%	1.58%

*\*Net Contributions are less Net Investment Income.*

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

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

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

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

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

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

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

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



## KRS Outstanding Invoices by Type and Employer

Invoice Type	6/30/2023	3/31/2023	Change H/(L)
Actuarially Accrued Liability Contribution	\$2,964,818	\$2,652,617	12%
Employer Free Military and Decompression Service	77,583	251,450	(69)%
Member Pension Spiking Refund	(20,365)	(19,690)	3%
Monthly Reporting Invoice	(240,434)	(263,911)	(9)%
Penalty – Monthly Reporting	34,000	30,000	13%
Reinstatement	9,044	9,779	-8%
Other Invoices**	(123,658)	(123,281)	0%
<b>Total</b>	<b>2,700,988</b>	<b>2,660,246</b>	
Health Insurance Reimbursement	635,035	769,063	(17)%
Omitted Employer	114,547	115,217	(1)%
Employer Pension Spiking*	198,590	197,656	0%
Standard Sick Leave	1,410,993	3,722,088	(62)%
USERRA Protected Military	35,030	354,117	(90)%
<b>Total</b>	<b>2,394,195</b>	<b>5,158,140</b>	(54)%
<b>Grand Total</b>	<b>\$5,095,183</b>	<b>\$7,818,386</b>	(35)%

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

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

Employer Name (Top Ten)	6/30/2023	3/31/2023	Change H/(L)
Kentucky River Community Care Inc.***	\$2,900,680	\$2,538,074	14%
Kentucky State Police	475,825	4,000,339	(88)%
Dept for Community Based Services	426,385	178,430	139%
Dept. for Behavioral Health Dev. Intell. Disabilities	272,927	193,920	41%
Dept for Highways	226,846	(86,581)	(362)%
Seven County Services, Inc.***	137,786	135,567	2%
Health and Family Services Office of the Sec	137,616	45,661	201%
Department of Parks	27,100	27,100	0%
Judicial Department Admin. Office of the Courts	76,183	149,578	(49)%
Department for Income Support	61,299	-	100%

\*\*\*Indicates invoices in litigation

	Total Unpaid Balance	Invoice Count
KERS	\$4,463,679	1,046
KERH	156,898	27
SPRS	474,606	18
<b>Grand Total:</b>	<b>\$5,095,183</b>	<b>1,091</b>



## KENTUCKY PUBLIC PENSIONS AUTHORITY

### Penalty Invoices Report

From: 4/1/2023 To: 6/30/2023

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

Invoice Amount	Invoice Remaining Balance	Delinquent Interest	Invoice Status Date	Invoice Due Date	Invoice Status	Employer Classification	Comments
\$1,000	\$-	\$-	4/4/2023	4/30/2023	CANC	Master Commissioner	New employer reporting official
1,000	-	-	4/4/2023	5/3/2023	CANC	Master Commissioner	New employer reporting official
<b>Total</b>	<b>\$2,000</b>	<b>\$-</b>					
\$1,000	\$1,000	\$-	4/11/2023	5/11/2023	CRTD	County Attorneys	
1,000	1,000	-	4/11/2023	5/11/2023	CRTD	County Attorneys	
1,000	1,000	-	5/22/2023	6/21/2023	CRTD	Master Commissioner	
1,000	1,000	-	6/6/2023	7/6/2023	CRTD	County Attorneys	
1,000	1,000	-	6/26/2023	7/26/2023	CRTD	County Attorneys	
1,000	1,000	-	6/30/2023	7/30/2023	CRTD	County Attorneys	
1,000	1,000	-	6/30/2023	7/30/2023	CRTD	County Attorneys	
1,000	1,000	-	6/30/2023	7/30/2023	CRTD	County Attorneys	
1,000	1,000	-	6/30/2023	7/30/2023	CRTD	County Attorneys	
1,000	1,000	-	6/30/2023	7/30/2023	CRTD	County Attorneys	
1,000	1,000	-	6/30/2023	7/30/2023	CRTD	County Attorneys	
<b>Total</b>	<b>\$11,000</b>	<b>\$11,000</b>					
\$1,000	\$-	\$-	6/2/2023	1/6/2023	PAID	County Attorneys	
1,000	-	-	5/3/2023	1/20/2023	PAID	County Attorneys	
1,000	-	-	4/27/2023	4/16/2023	PAID	Non-P1 State Agencies	
1,000	-	-	5/31/2023	5/27/2023	PAID	Non-P1 State Agencies	
1,000	-	-	6/30/2023	6/3/2023	PAID	County Attorneys	
1,000	-	-	5/19/2023	6/9/2023	PAID	County Attorneys	
1,000	-	-	5/19/2023	6/10/2023	PAID	County Attorneys	
1,000	-	-	5/30/2023	6/18/2023	PAID	County Attorneys	
1,000	-	-	5/30/2023	6/18/2023	PAID	County Attorneys	
<b>Total</b>	<b>\$9,000</b>	<b>\$-</b>					

#### Notes:

##### Invoice Status:

CANC - Cancelled

CRTD - Created

PAID - Paid





## KENTUCKY PUBLIC PENSIONS AUTHORITY

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



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

---

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

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

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

### **RECOMMENDATIONS:**

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

**DRAFT**



**KPPA**

Kentucky Public Pensions Authority

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





# Workgroup

**DRAFT**

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

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



# FY 2024 Administrative Budget

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

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

**DRAFT**



# FY 25/26 Baseline Amounts Provided by OSBD

**DRAFT**

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

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

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

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

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

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

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

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


**DRAFT**

# FY 25/26 Proposed KBUD Baseline Submission

<b>PERSONNEL</b>	This \$37.7M amount comes from the OSBD Baseline Personnel reports. We were allowed to include VACANT positions (at the mid-point) up to our 270 CAP).
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<b>LEGAL / RESERVE</b>	Budget Work Group recommends we place the unallocated "reserve" into the Legal Contracts Line item for KBUD.
------------------------	--

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



# Additional Budget Request

**DRAFT**

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



# Additional Budget Request

**DRAFT**

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



**DRAFT**

# Summary

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

8



## KENTUCKY PUBLIC PENSIONS AUTHORITY

David L. Eager, Executive Director

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



To: Kentucky Retirement Systems

From: Steve Willer, CIO  
Office of Investments

Date: September 14, 2023

Subject: Summary of Investment Committee Meeting

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The Kentucky Retirement Systems Investment Committee held a regularly scheduled meeting on August 8, 2023.

1. **No recommendations were made that required approval by the Investment Committee.**
2. **No actions were taken that required ratification by the Kentucky Retirement Systems Board of Trustees.**
3. Investment Staff and Wilshire presented material\* and discussed the following items during the Investment Committee meeting.
  - a. Review of Economic Conditions, Market Activity, and updated Asset Class Assumptions
  - b. Absolute and Relative Performance and Asset Allocations for the Pension and Insurance Portfolios - *For the Fiscal year performance of all portfolios exceeded their Assumed Rates of Return and matched or outperformed their benchmark.*
    - KERS Pension 6.96%*
    - SPRS Pension 7.58%*
    - Benchmark 7.02%*
  
    - KERSH Pension 9.46%*
    - KERS Insurance 9.87%*
    - KERSH Insurance 9.29%*
    - SPRS Insurance 9.46%*
    - Benchmark 8.70%*
  - c. Compliance – *No compliance violations as of June 30, 2023*
  - d. Investment Budget Update – *For Fiscal 2023, expenditures totaled \$6.2MM, \$2.4mm under budget. The total approved for the FY24 Investment Budget is \$10.3MM, an increase of \$1.7MM which includes an increase of \$3MM for legal expenses related to ongoing litigation.*

- e. Implementation of the KRS Proxy Voting Policy – *As of 6/30/23 all amendments have been finalized and all eligible proxies are being voted in accordance with the KRS Proxy Voting Policy.*
- f. Asset/Liability and Asset Allocation project – *Finalizing recommended revisions to the Asset Allocation targets and ranges to be presented to the Investment Committee based on updated Capital Market Assumptions*

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

Kentucky Retirement Systems

# Investment Review and Update

Quarter Ending: June 30, 2023

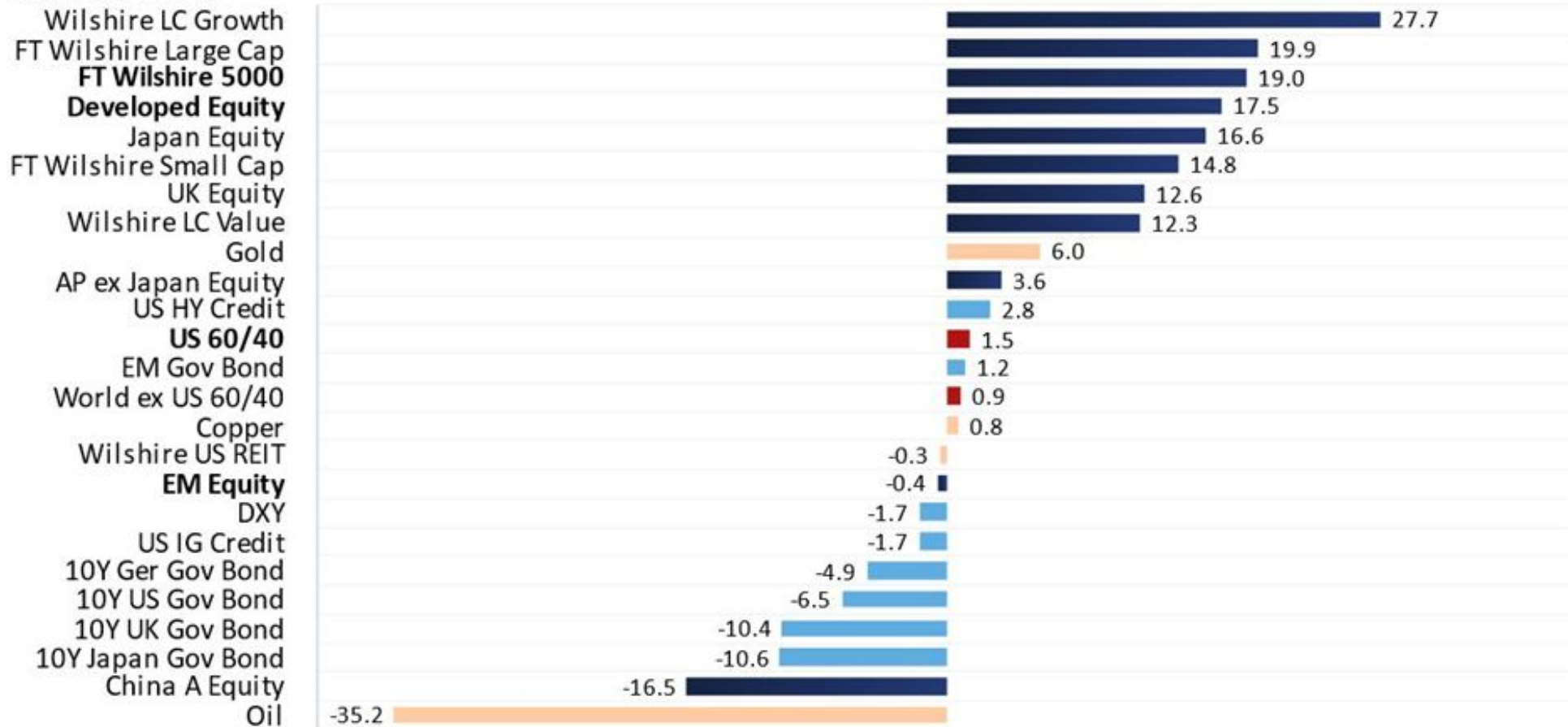
Kentucky Retirement Systems

# Economic and Market Update

Quarter Ending: June 30, 2023

## Asset Class Performance

### 12M USD TR %



## Asset Class Performance

Asset Class Returns - Best to Worst

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

Annualized 1-Year as of 6/23	Annualized 5-Year as of 6/23
Developed 19.4%	U.S. Equity 11.7%
U.S. Equity 19.0%	Developed 4.9%
High Yield 9.1%	Commodities 4.7%
T-Bills 3.6%	REITs 4.4%
Emrg Mkts 2.2%	High Yield 3.4%
REITs -0.3%	U.S. TIPS 2.5%
Core Bond -0.9%	T-Bills 1.5%
U.S. TIPS -1.4%	Emrg Mkts 1.3%
Commodities -9.6%	Core Bond 0.8%

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

# June 2023 Asset Class Assumptions

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



Kentucky Retirement Systems

# Performance and Asset Allocations

Quarter Ending: June 30, 2023

June 2023

KPPA MONTHLY PERFORMANCE UPDATE

KERS/KERS-H/SPRS

## Overview

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

The KRS Pension Composite produced a return of 2.48% for the quarter. The KERS and SPRS Pension portfolios returned 2.38% and 2.27% respectively, while their benchmark gained 2.67%. The KERS-H Pension portfolio gained 2.98% versus its benchmark return of 3.64%. The KRS Insurance Composite produced a 3.00% return for the quarter underperforming the blended benchmark which returned 3.64%. The funds underperformed their respective benchmarks during the quarter due to similar drivers of attribution. While the portfolios benefited from their underweight to Real Estate, which was the weakest performing asset class during the period, the relative underperformance in the Public Equity and Private Equity portfolios and the overweights to Cash weighed on performance. The underperformance in the Private Equity portfolios was partially driven by vintage and legacy issues as Plans took a funding hiatus for several years due to liquidity concerns which limited their participation.

For the fiscal year, the KRS Pension Composite gained 7.49%, outperforming the benchmark return of 7.32%, while the KRS Insurance Composite returned 9.67%, outperforming the benchmark return of 8.70%. Fiscal Year outperformance was driven by strong performance in the Public Equities, Core Fixed Income and Real Return portfolios as well as the underweight to Real Estate which were partially offset by underperformance in the Specialty Credit portfolio as well as the Cash overweight in some funds. Outperformance in most Private Equity portfolios provided a boost to performance versus benchmarks.

## Public Equity

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

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

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

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

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

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

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

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

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

### Core Fixed Income

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

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

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

### Specialty Credit - Private Equity – Real Return – Real Estate

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

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

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

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

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

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

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

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

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

## Cash

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

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

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

June 2023	KPPA MONTHLY PERFORMANCE UPDATE	KERS/KERS-H/SPRS
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returning 0.40% for June but lagging the benchmark for the quarter returning 1.05% and fiscal year-end returning 3.38%. The underperformance is attributable to lower rates offered by overnight repurchase agreements which is tied to the Fed Funds rate relative to market yields of the 3-month T-Bill. Since the Federal Reserve has begun to slow interest rate hikes, the difference in deposit rates compared to market rates will begin to compress going forward.

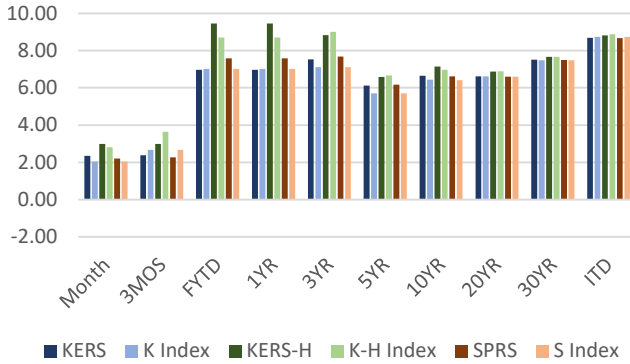
End of June key cash market interest rates: Fed Funds Effective 5.08%, 1M T-Bill 5.11% and 3M T-Bill 5.28%.

June 2023

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## K,KH,S Pension Performance - 06/30/23



## KERS, KERS-HAZ, &amp; SPRS - PENSION FUND - PLAN NET RETURNS - 06/30/23

Plan	Market Value	Month	3 Months	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	20 Years	30 Years	ITD
KERS	3,522,034,895.82	2.34	2.38	6.96	6.96	7.52	6.11	6.65	6.62	7.51	8.69
KY Ret. KERS Plan IPS Index		2.05	2.67	7.02	7.02	7.11	5.70	6.44	6.61	7.48	8.74
KERS- H	898,809,570.79	2.99	2.98	9.46	9.46	8.83	6.58	7.14	6.87	7.67	8.82
KY Ret. KERS Haz Plan IPS Index		2.81	3.64	8.70	8.70	9.01	6.66	6.97	6.88	7.66	8.88
SPRS	587,507,130.10	2.21	2.27	7.58	7.58	7.68	6.17	6.61	6.60	7.49	8.68
KY Ret. SPRS Plan IPS Index		2.05	2.67	7.02	7.02	7.11	5.70	6.41	6.60	7.47	8.73

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

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

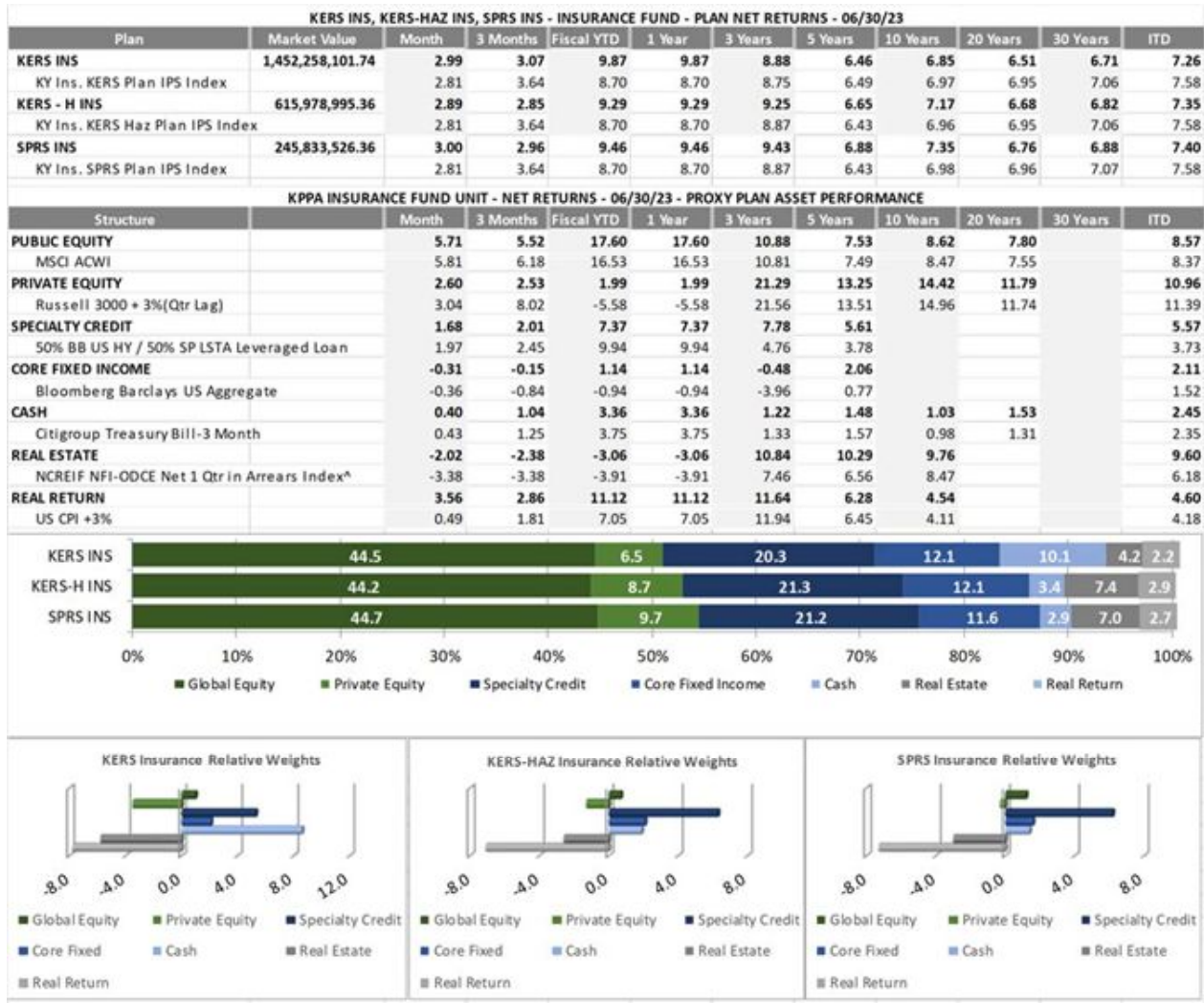




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KPPA MONTHLY PERFORMANCE UPDATE

KERS/KERS-H/SPRS

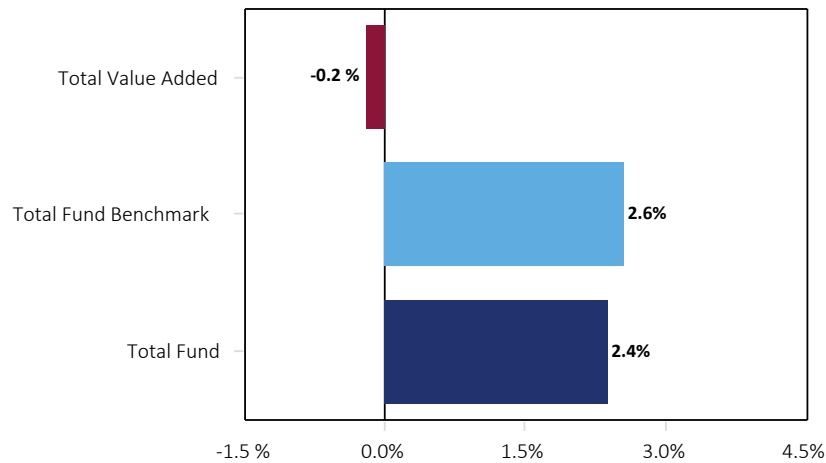


# Total Fund Attribution

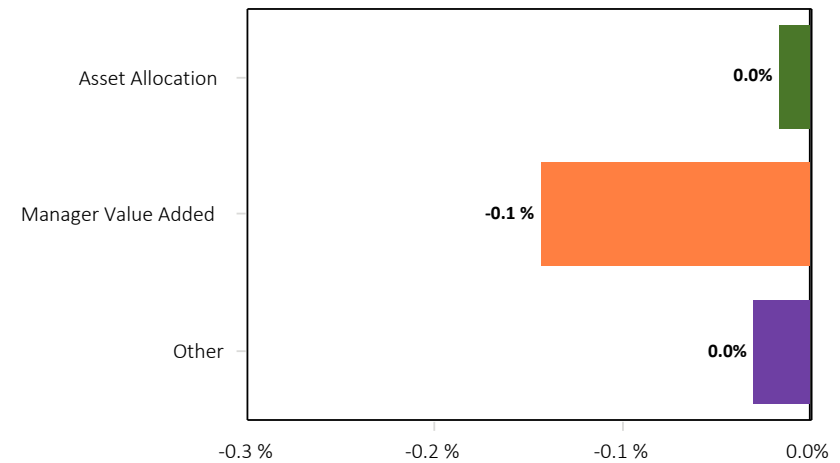
KERS Pension Plan

Periods Ended 1 Quarter Ending June 30, 2023

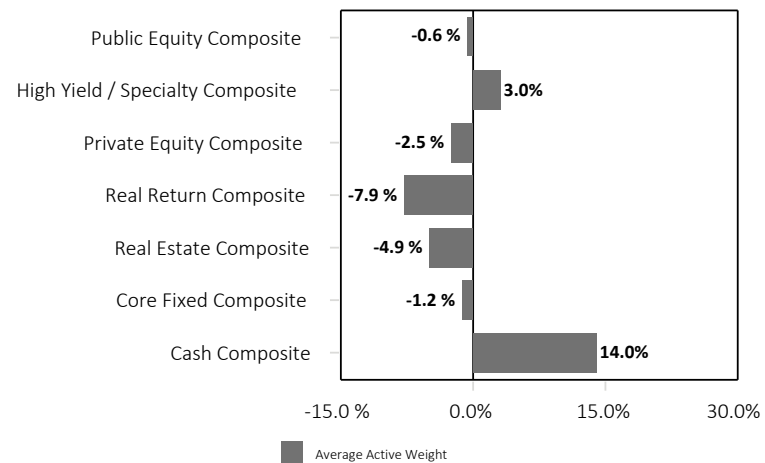
## Total Fund Performance



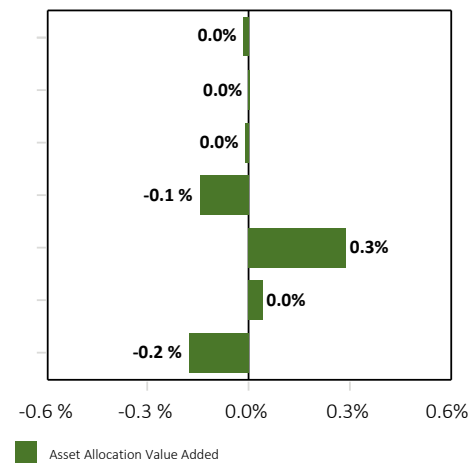
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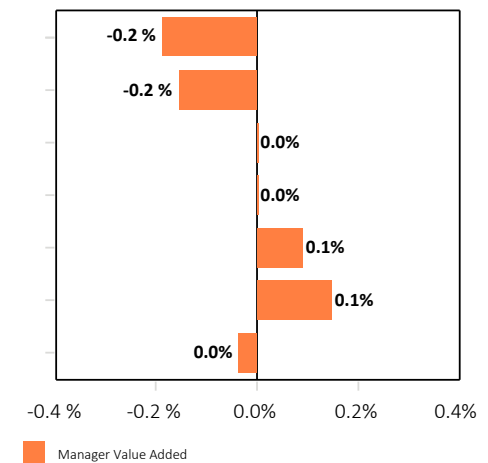
## Total Asset Allocation:0.0%



## Asset Allocation Value Added:0.0%



## Total Manager Value Added:-0.1 %

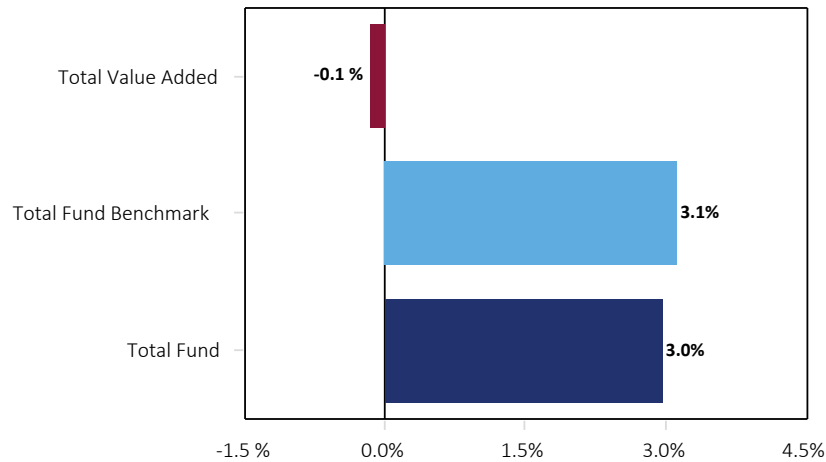


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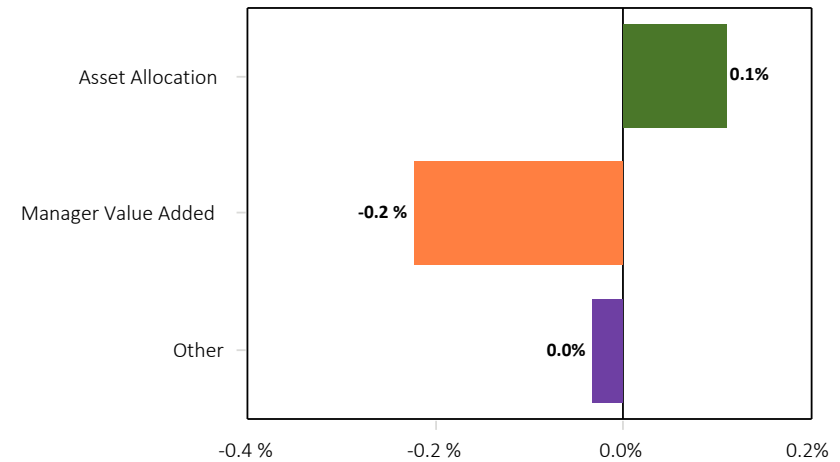
KERS (H) Pension Plan

Periods Ended 1 Quarter Ending June 30, 2023

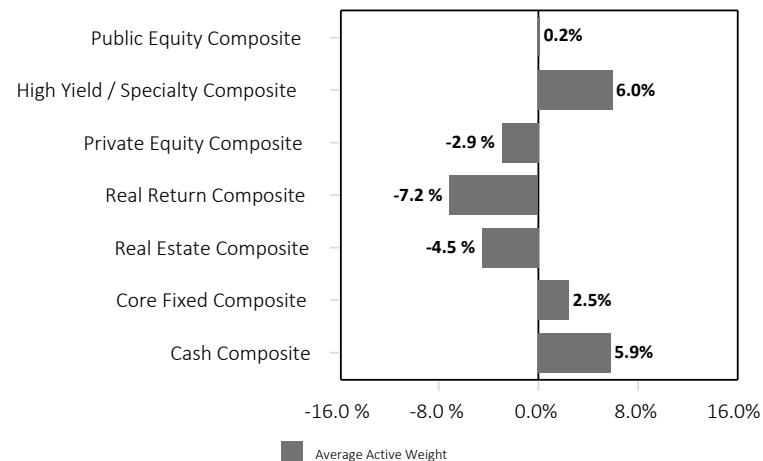
## Total Fund Performance



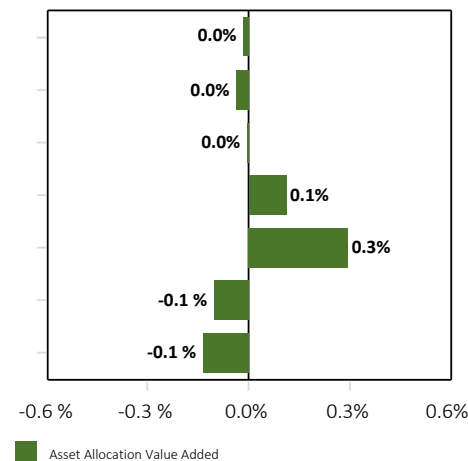
## Total Value Added:-0.1 %



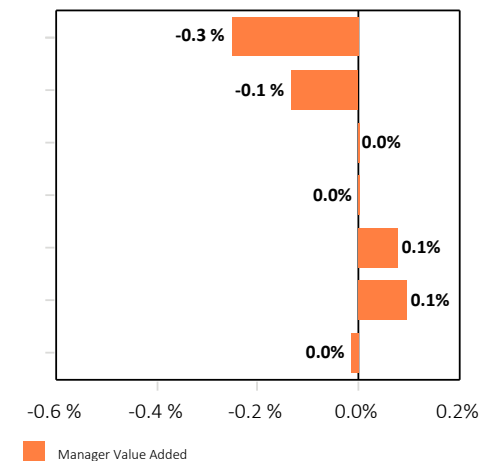
## Total Asset Allocation:0.1%



## Asset Allocation Value Added:0.1%



## Total Manager Value Added:-0.2 %

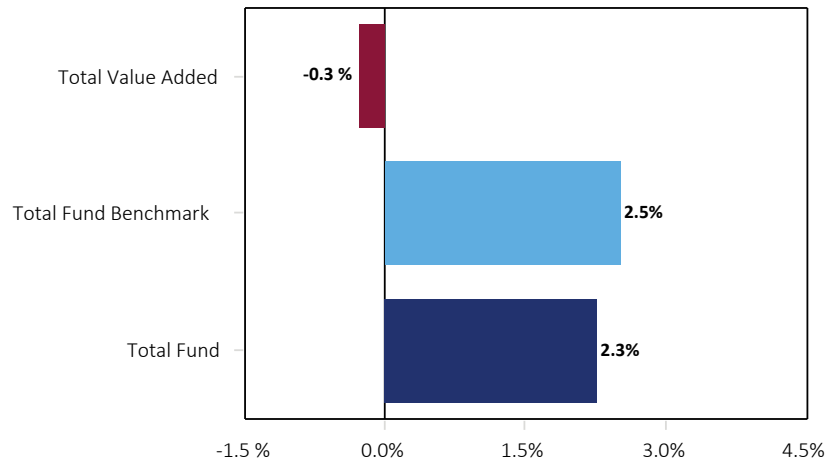


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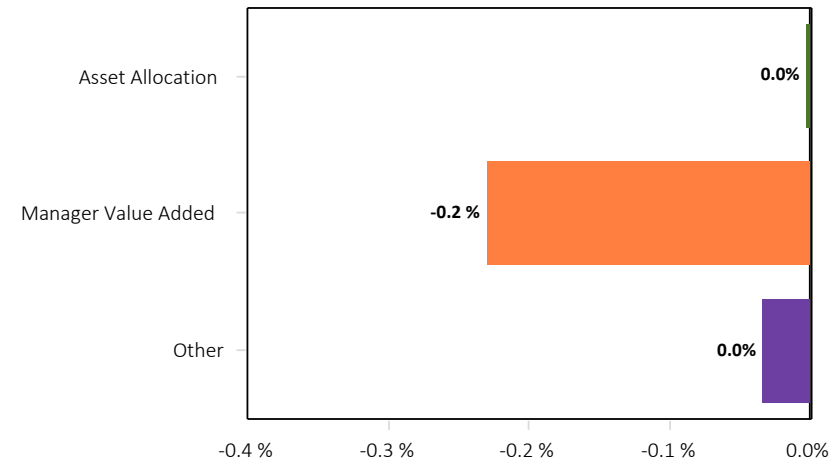
SPRS Pension Plan

Periods Ended 1 Quarter Ending June 30, 2023

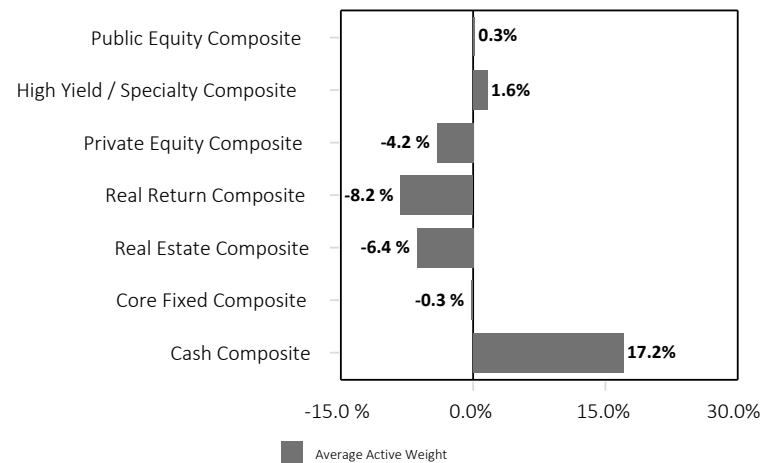
## Total Fund Performance



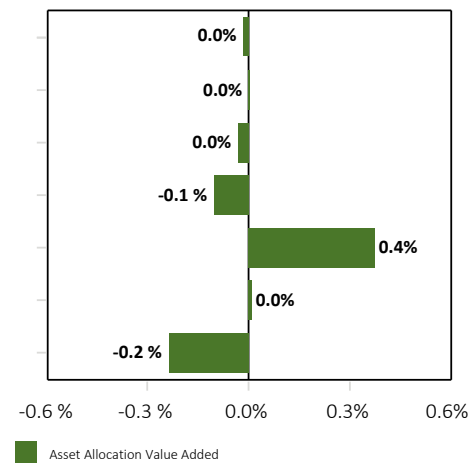
## Total Value Added:-0.3 %



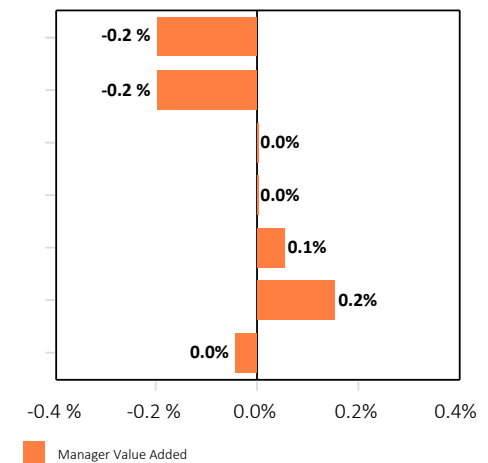
## Total Asset Allocation:0.0%



## Asset Allocation Value Added:0.0%



## Total Manager Value Added:-0.2 %

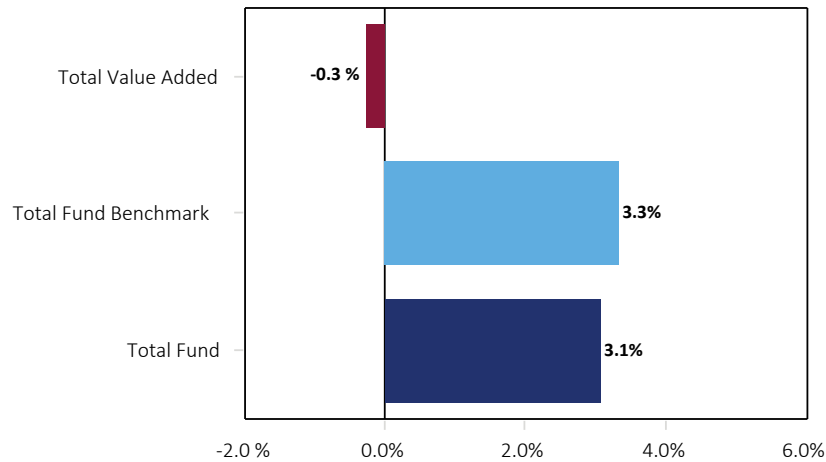


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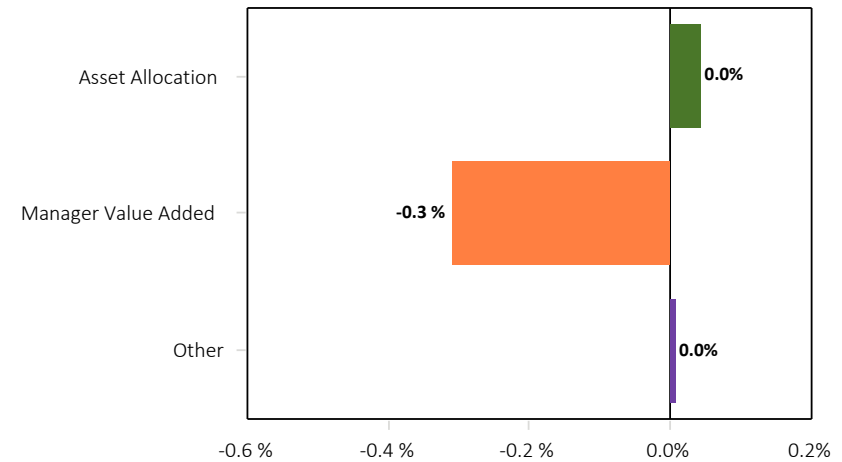
KERS Insurance Plan

Periods Ended 1 Quarter Ending June 30, 2023

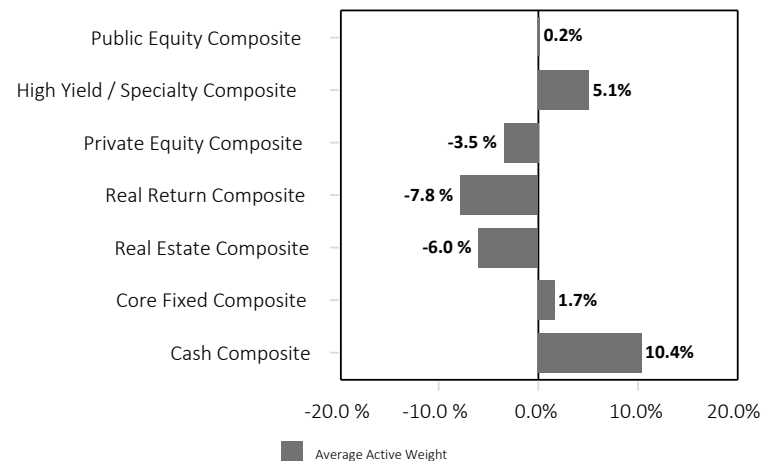
## Total Fund Performance



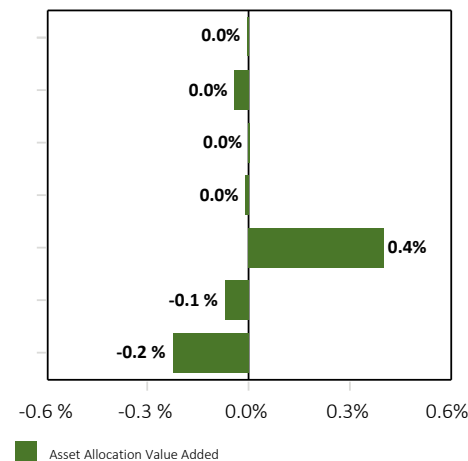
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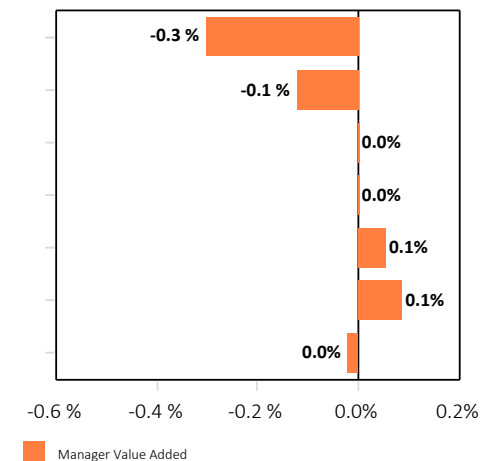
## Total Asset Allocation:0.0%



## Asset Allocation Value Added:0.0%



## Total Manager Value Added:-0.3 %

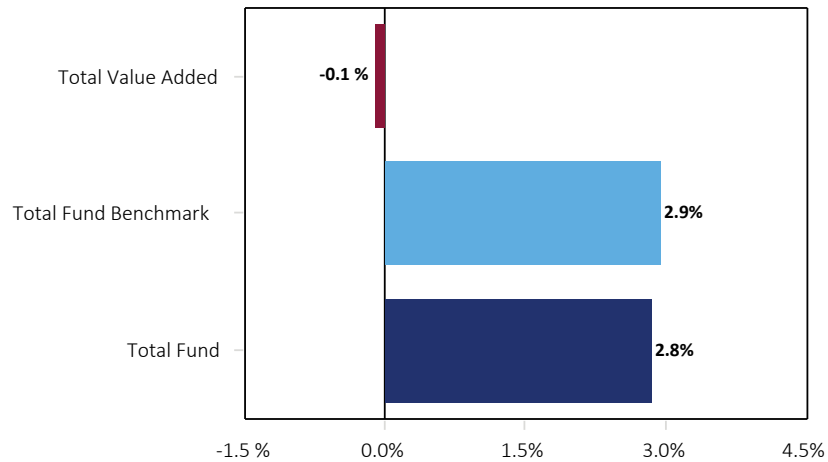


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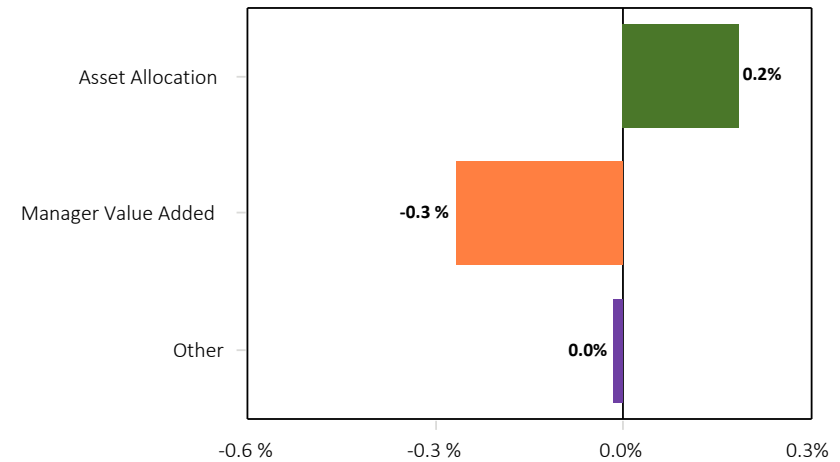
KERS (H) Insurance Plan

Periods Ended 1 Quarter Ending June 30, 2023

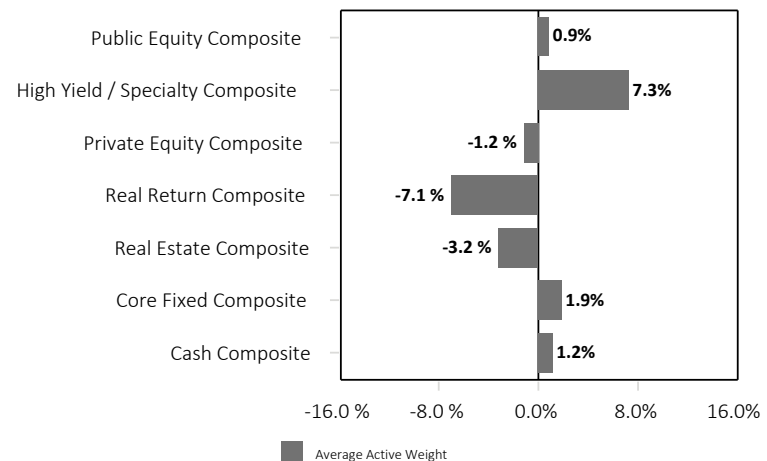
## Total Fund Performance



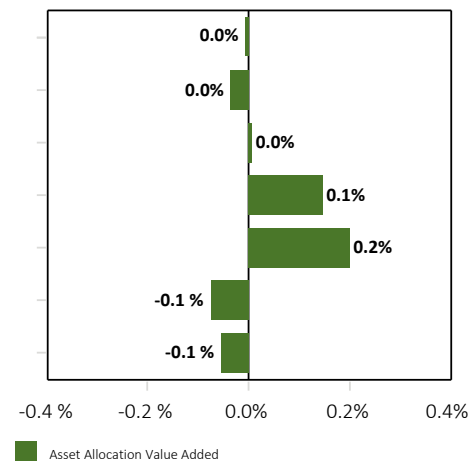
## Total Value Added:-0.1 %



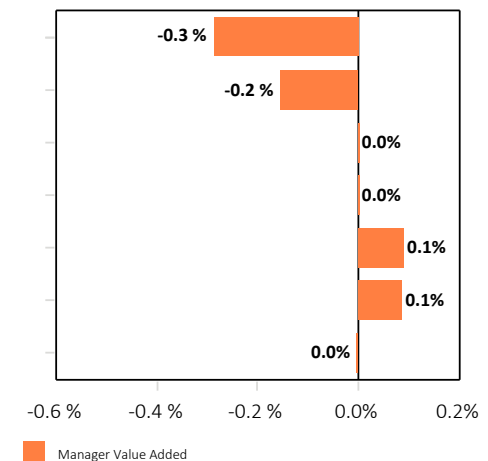
## Total Asset Allocation:0.2%



## Asset Allocation Value Added:0.2%



## Total Manager Value Added:-0.3 %

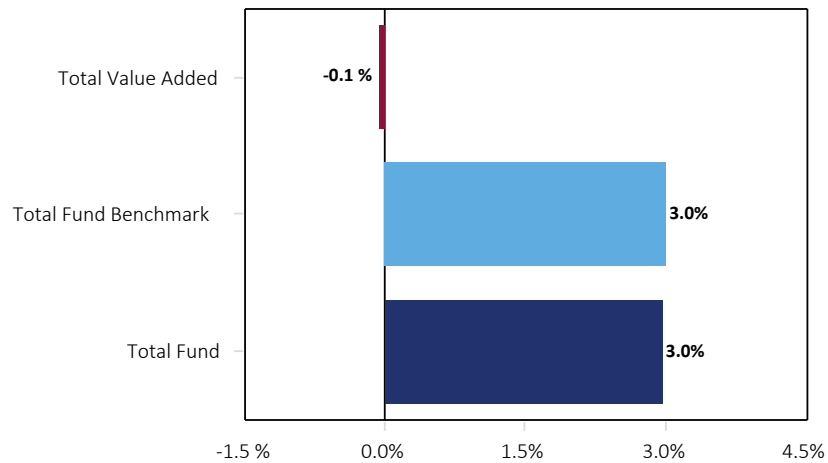


# Total Fund Attribution

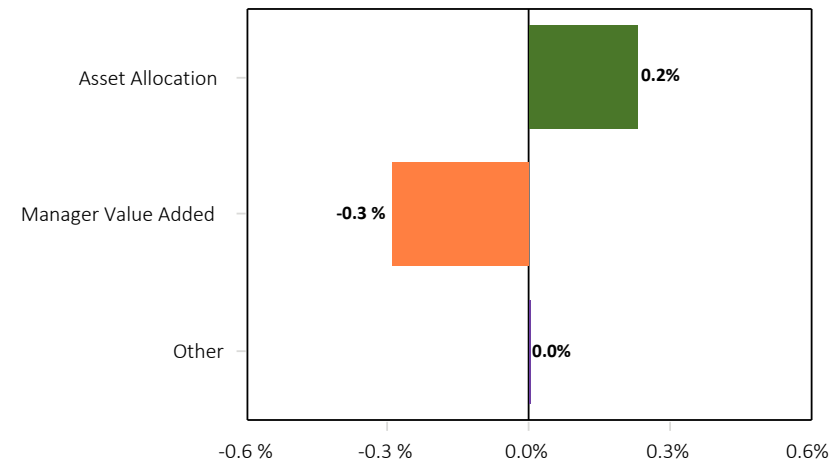
SPRS Insurance Plan

Periods Ended 1 Quarter Ending June 30, 2023

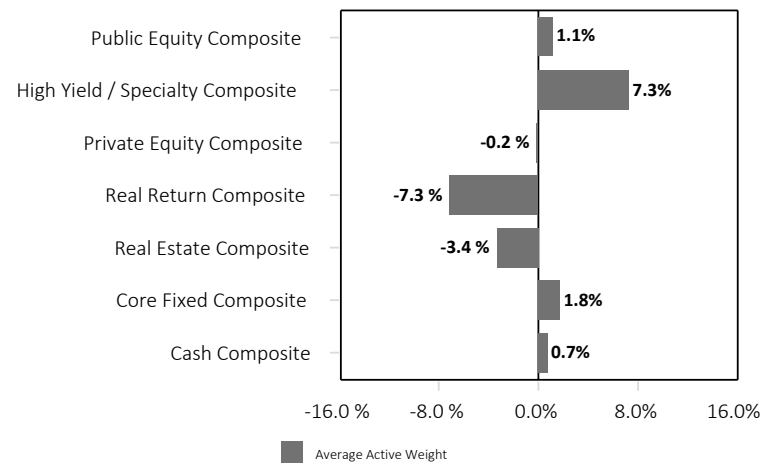
## Total Fund Performance



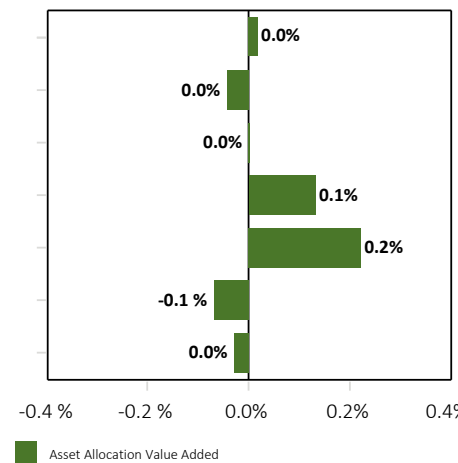
## Total Value Added:-0.1 %



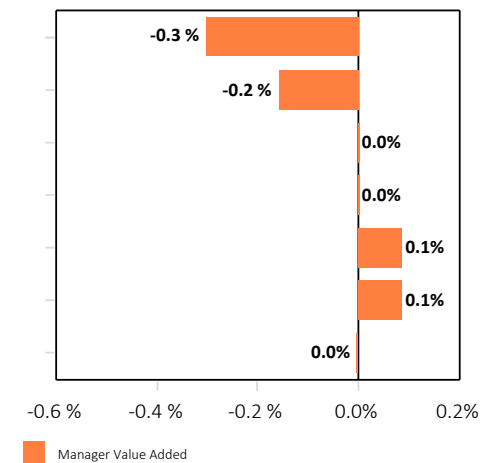
## Total Asset Allocation:0.2%



## Asset Allocation Value Added:0.2%



## Total Manager Value Added:-0.3%

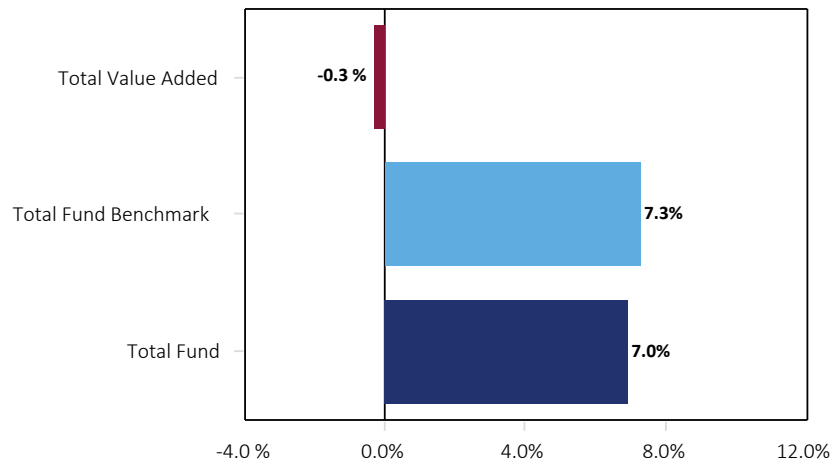


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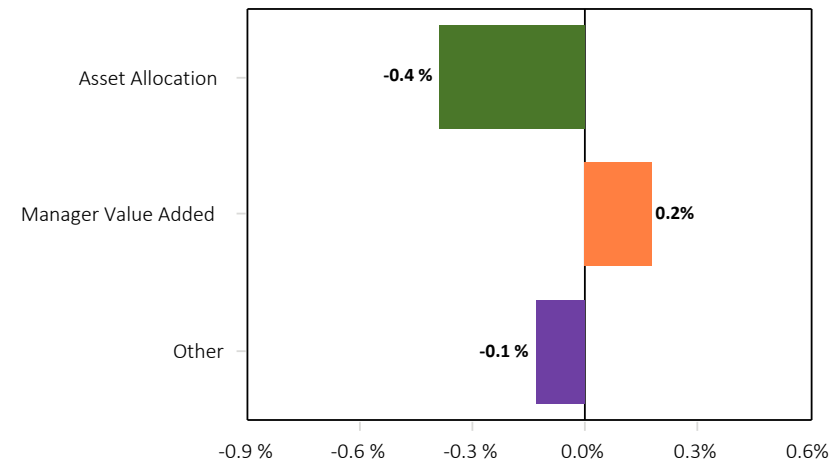
KERS Pension Plan

Periods Ended 1 Year Ending June 30, 2023

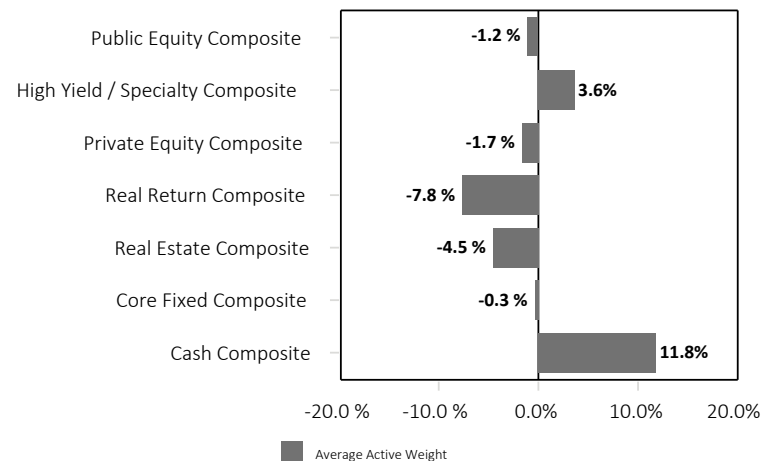
## Total Fund Performance



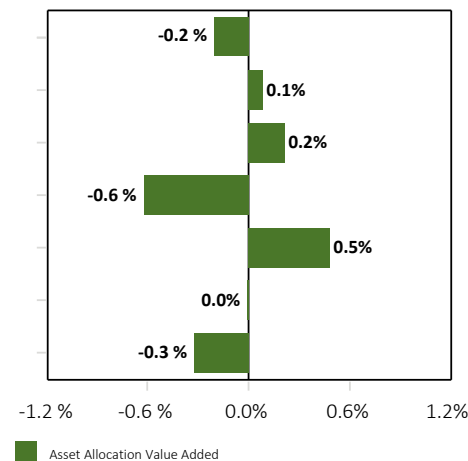
## Total Value Added:-0.3 %



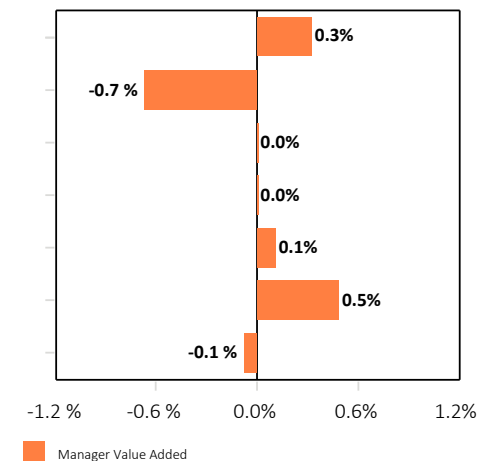
## Total Asset Allocation:-0.4 %



## Asset Allocation Value Added:-0.4 %



## Total Manager Value Added:0.2%



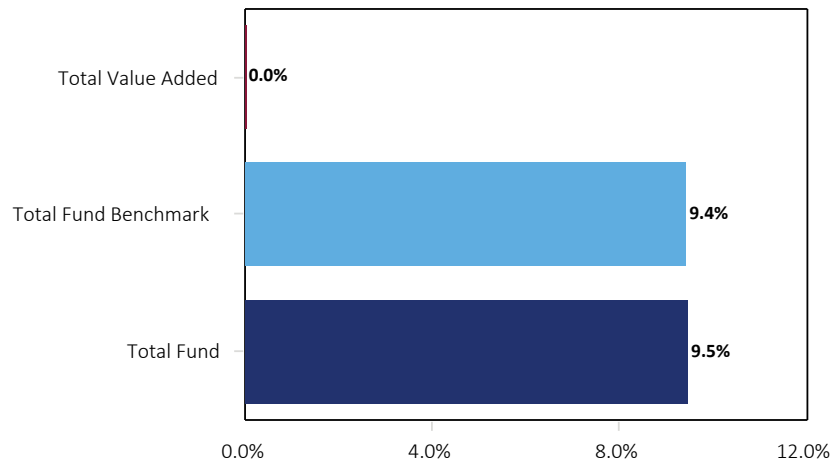


# Total Fund Attribution

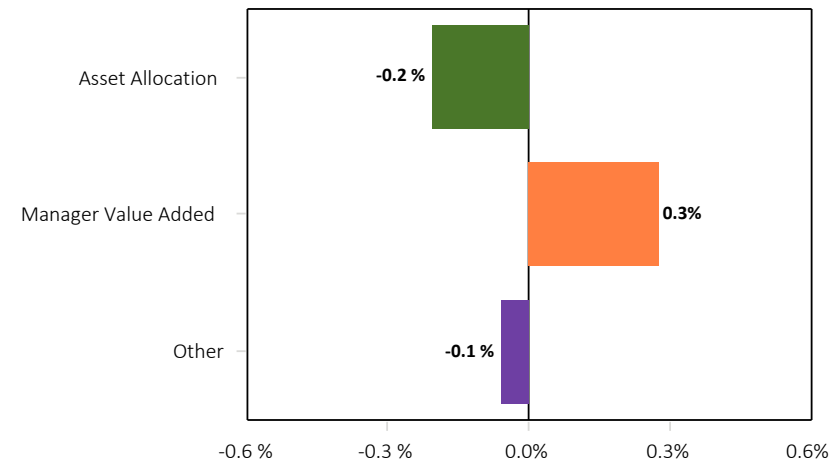
KERS (H) Pension Plan

Periods Ended 1 Year Ending June 30, 2023

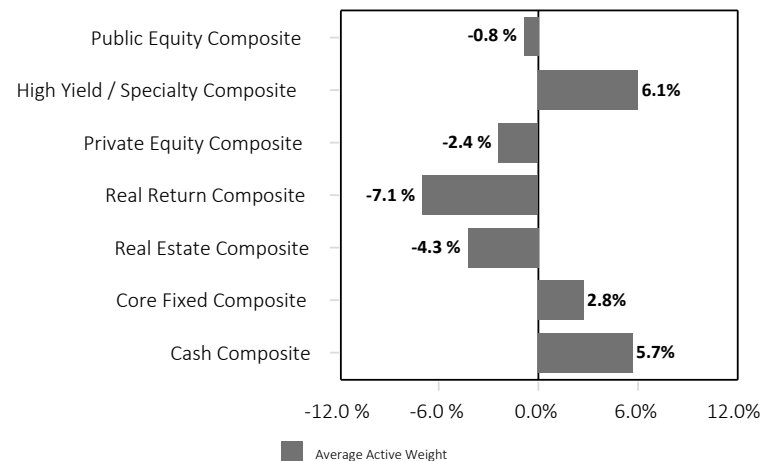
## Total Fund Performance



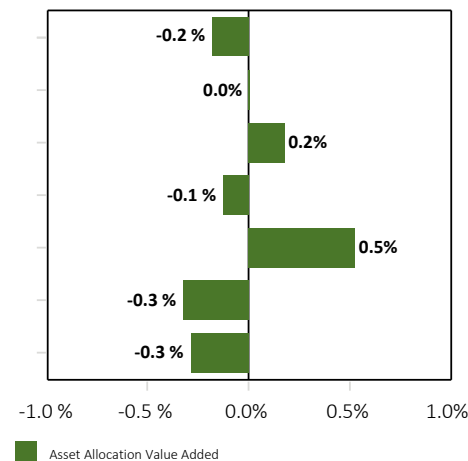
## Total Value Added:0.0%



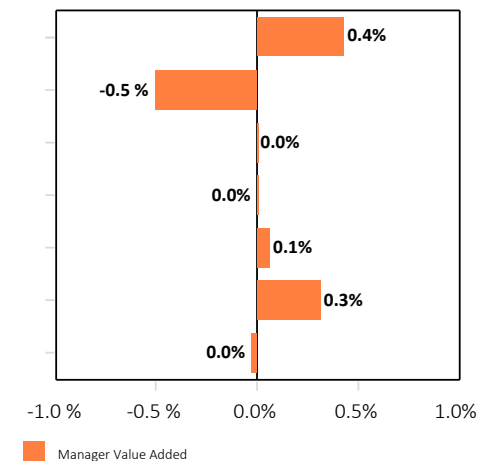
## Total Asset Allocation:-0.2 %



## Asset Allocation Value Added:-0.2 %



## Total Manager Value Added:0.3%

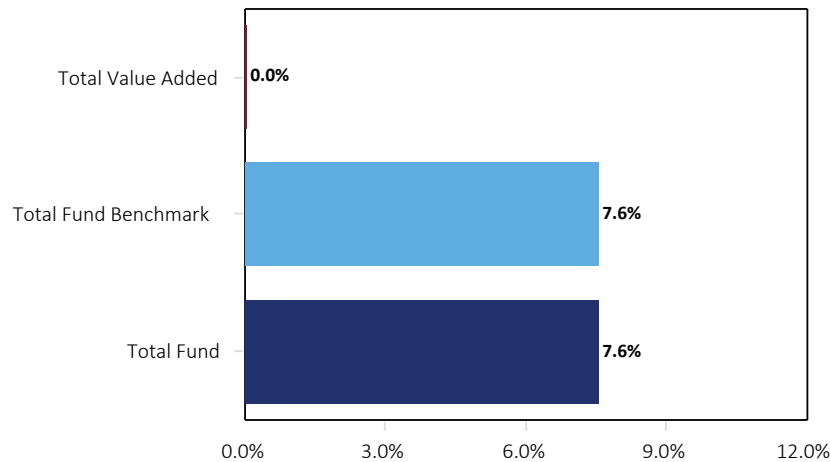


# Total Fund Attribution

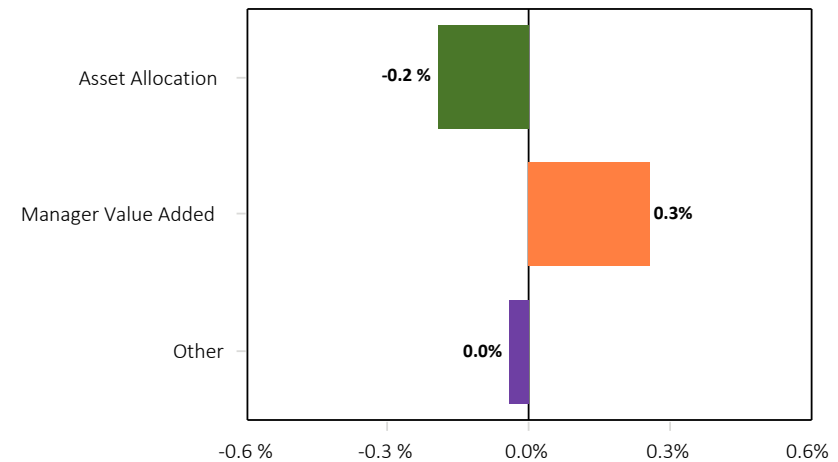
SPRS Pension Plan

Periods Ended 1 Year Ending June 30, 2023

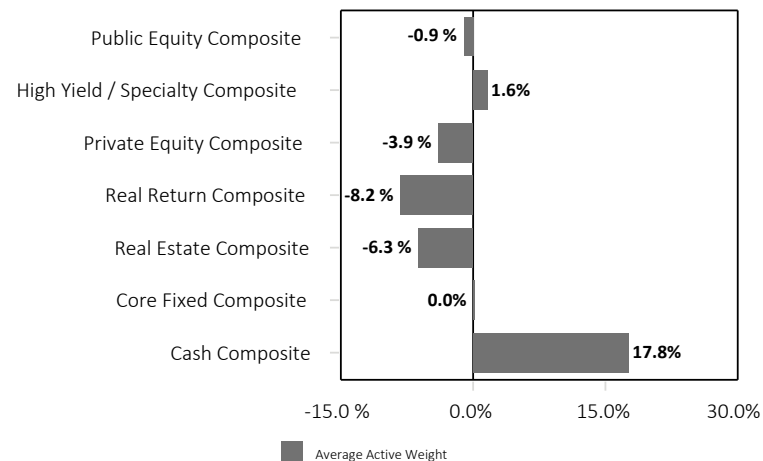
## Total Fund Performance



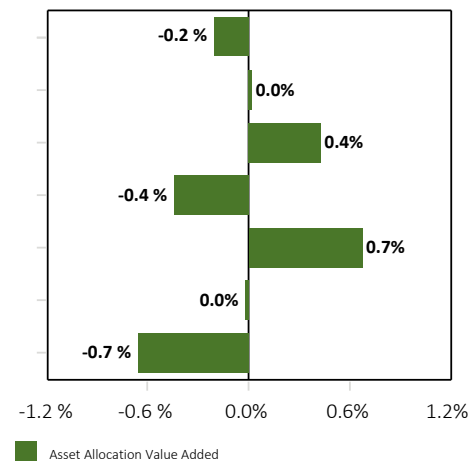
## Total Value Added:0.0%



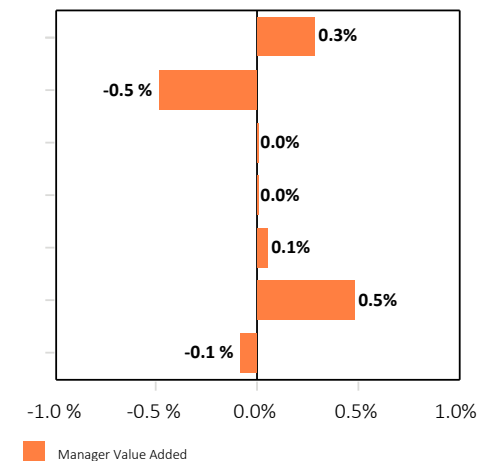
## Total Asset Allocation:-0.2 %



## Asset Allocation Value Added:-0.2 %



## Total Manager Value Added:0.3%

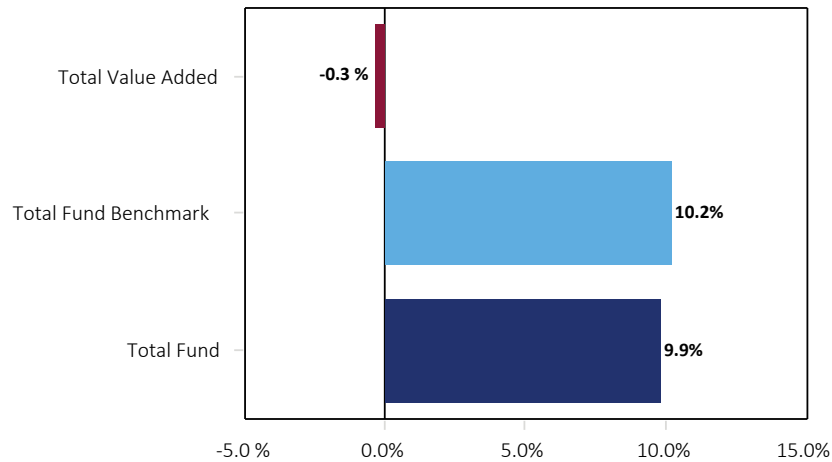


# Total Fund Attribution

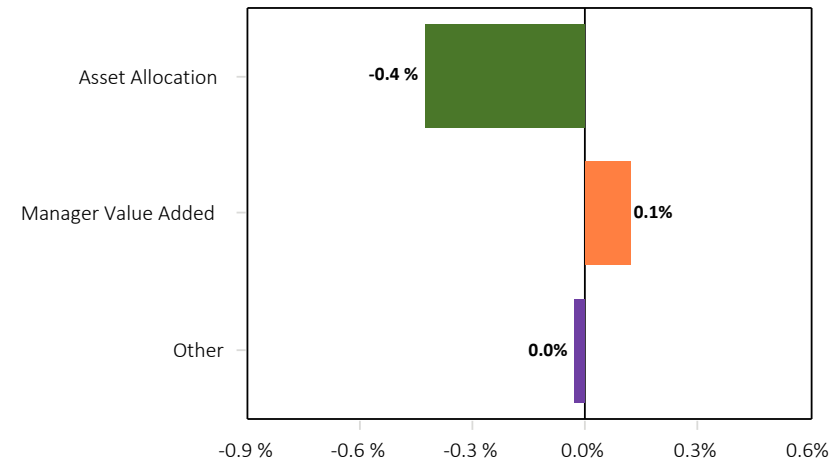
KERS Insurance Plan

Periods Ended 1 Year Ending June 30, 2023

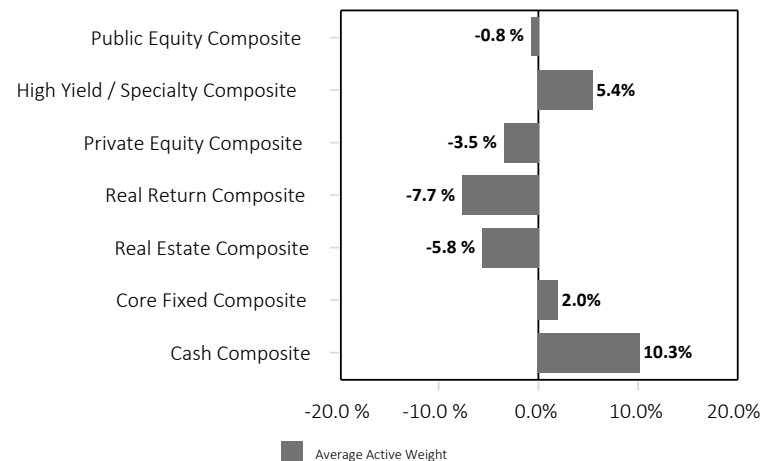
## Total Fund Performance



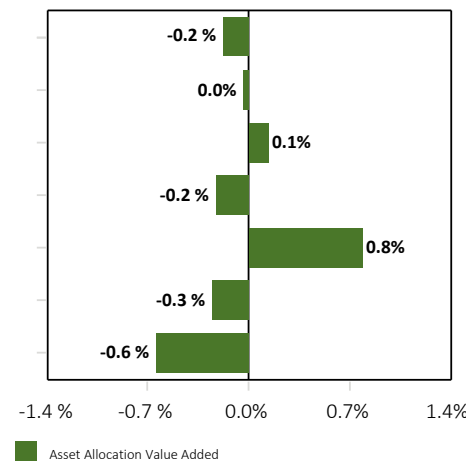
## Total Value Added:-0.3 %



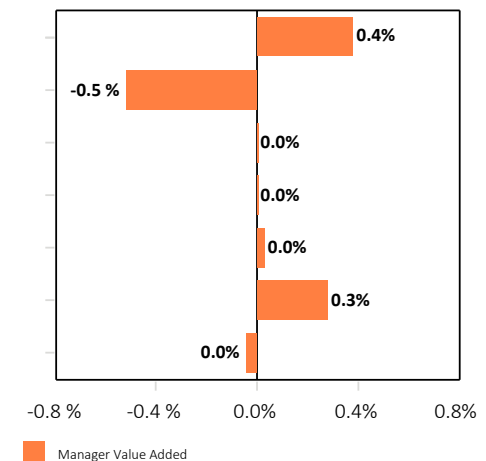
## Total Asset Allocation:-0.4 %



## Asset Allocation Value Added:-0.4 %



## Total Manager Value Added:0.1%

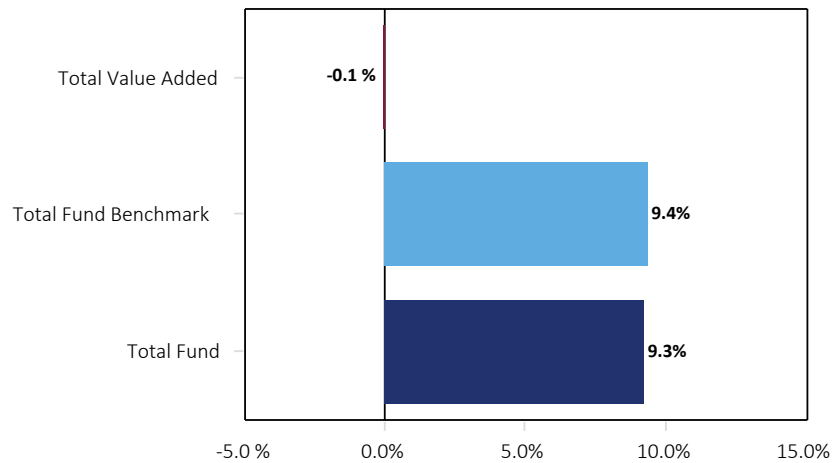


# Total Fund Attribution

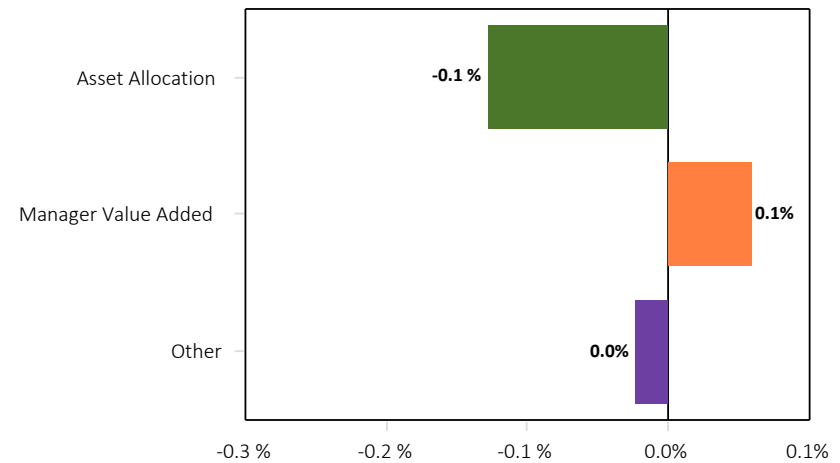
KERS (H) Insurance Plan

Periods Ended 1 Year Ending June 30, 2023

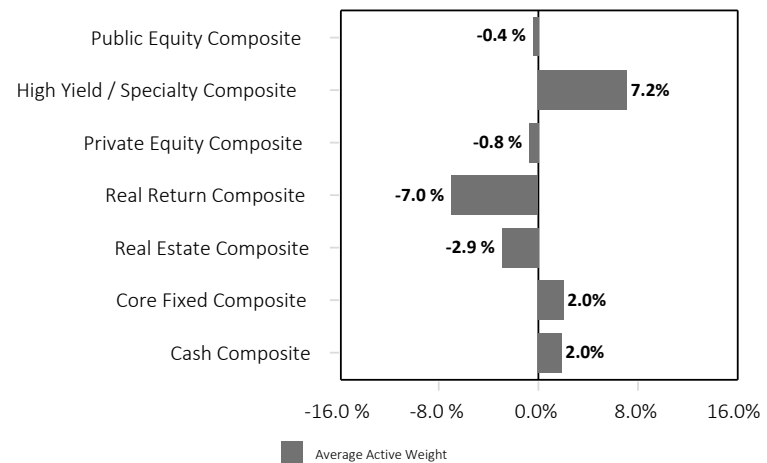
## Total Fund Performance



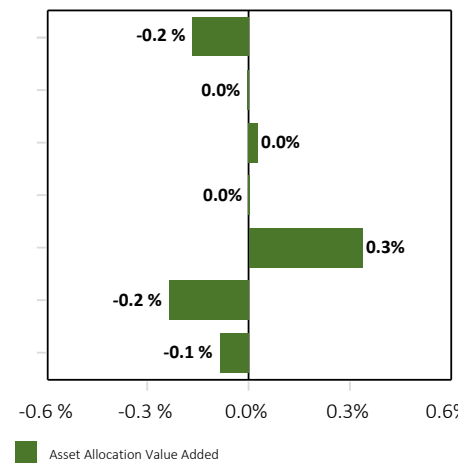
## Total Value Added:-0.1 %



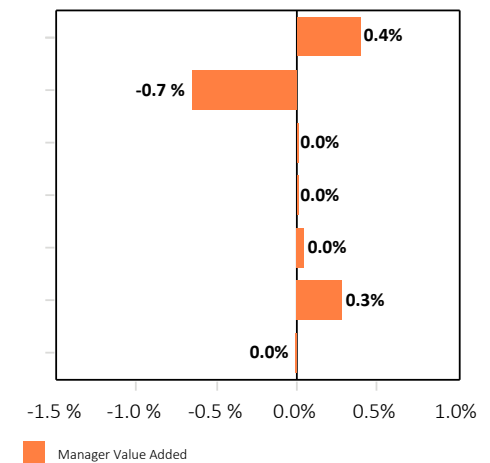
## Total Asset Allocation:-0.1 %



## Asset Allocation Value Added:-0.1 %



## Total Manager Value Added:0.1%

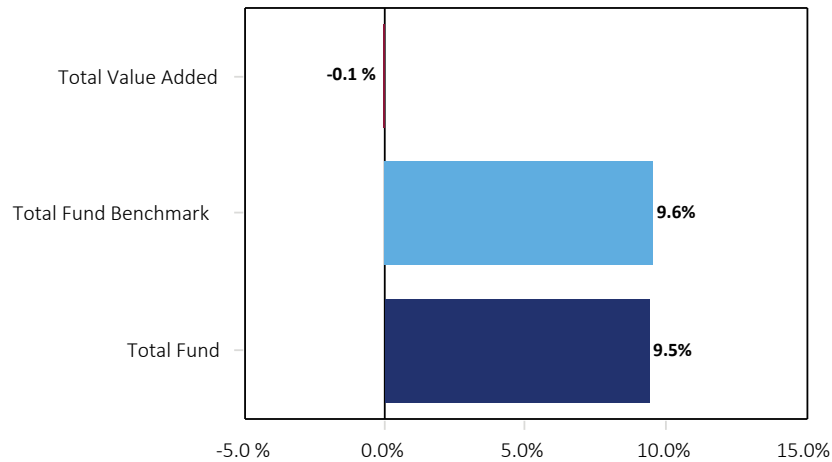


# Total Fund Attribution

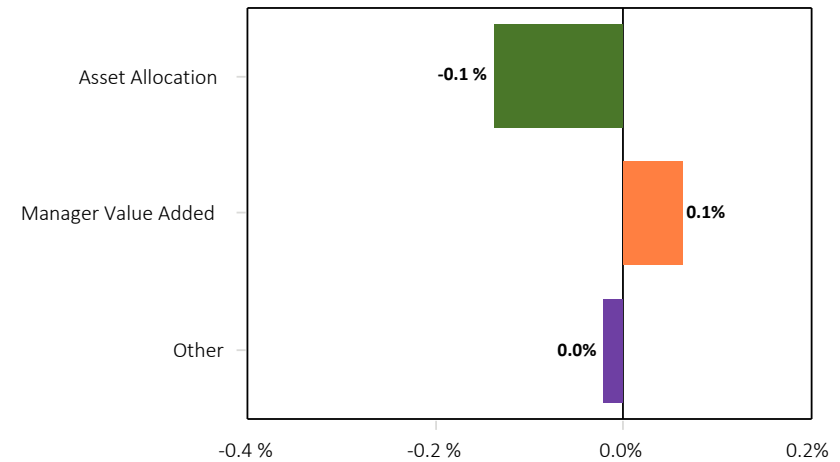
SPRS Insurance Plan

Periods Ended 1 Year Ending June 30, 2023

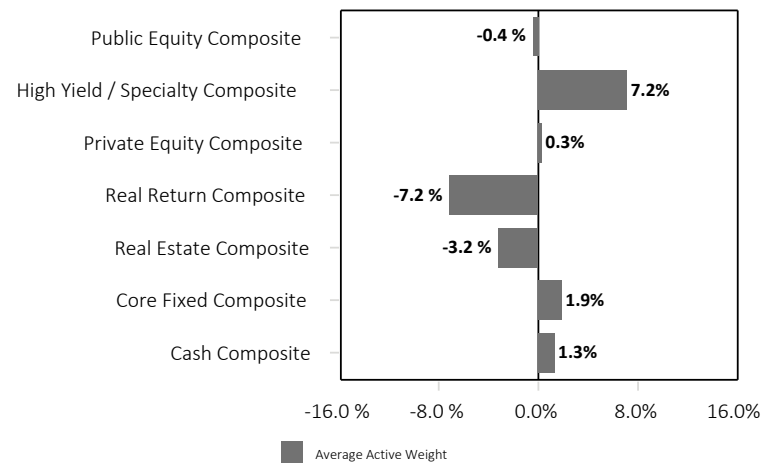
## Total Fund Performance



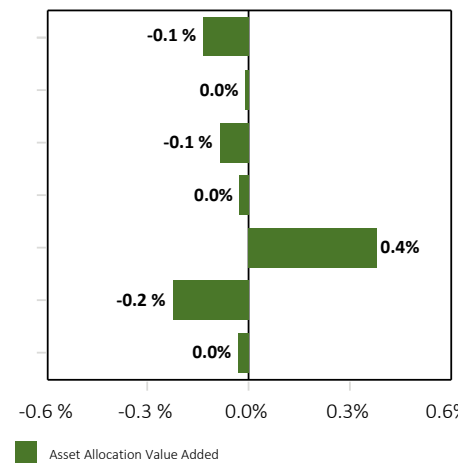
## Total Value Added:-0.1 %



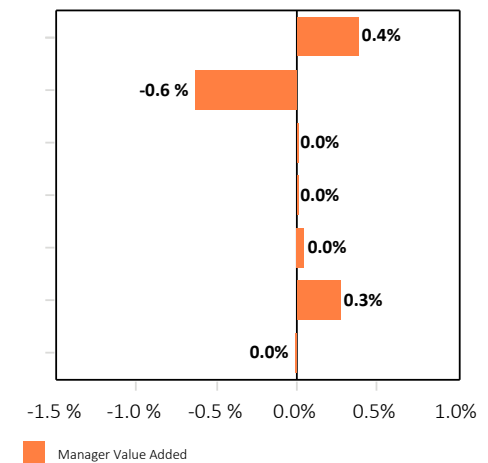
## Total Asset Allocation:-0.1 %



## Asset Allocation Value Added:-0.1 %



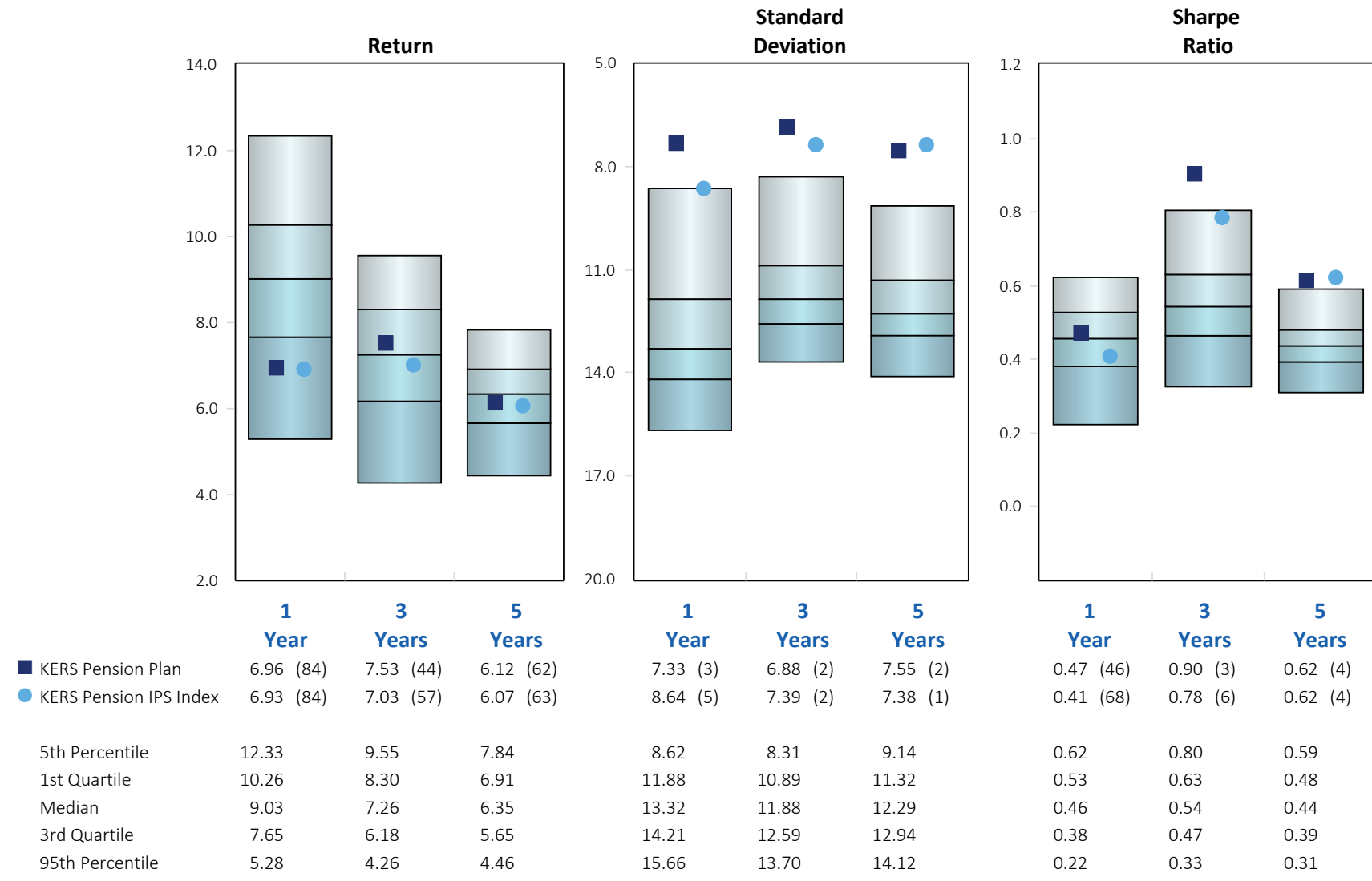
## Total Manager Value Added:0.1%



# Plan Sponsor Peer Group Analysis - Multi Statistics

KERS Pension Plan vs All Public Plans-Total Fund

Periods Ended June 30, 2023

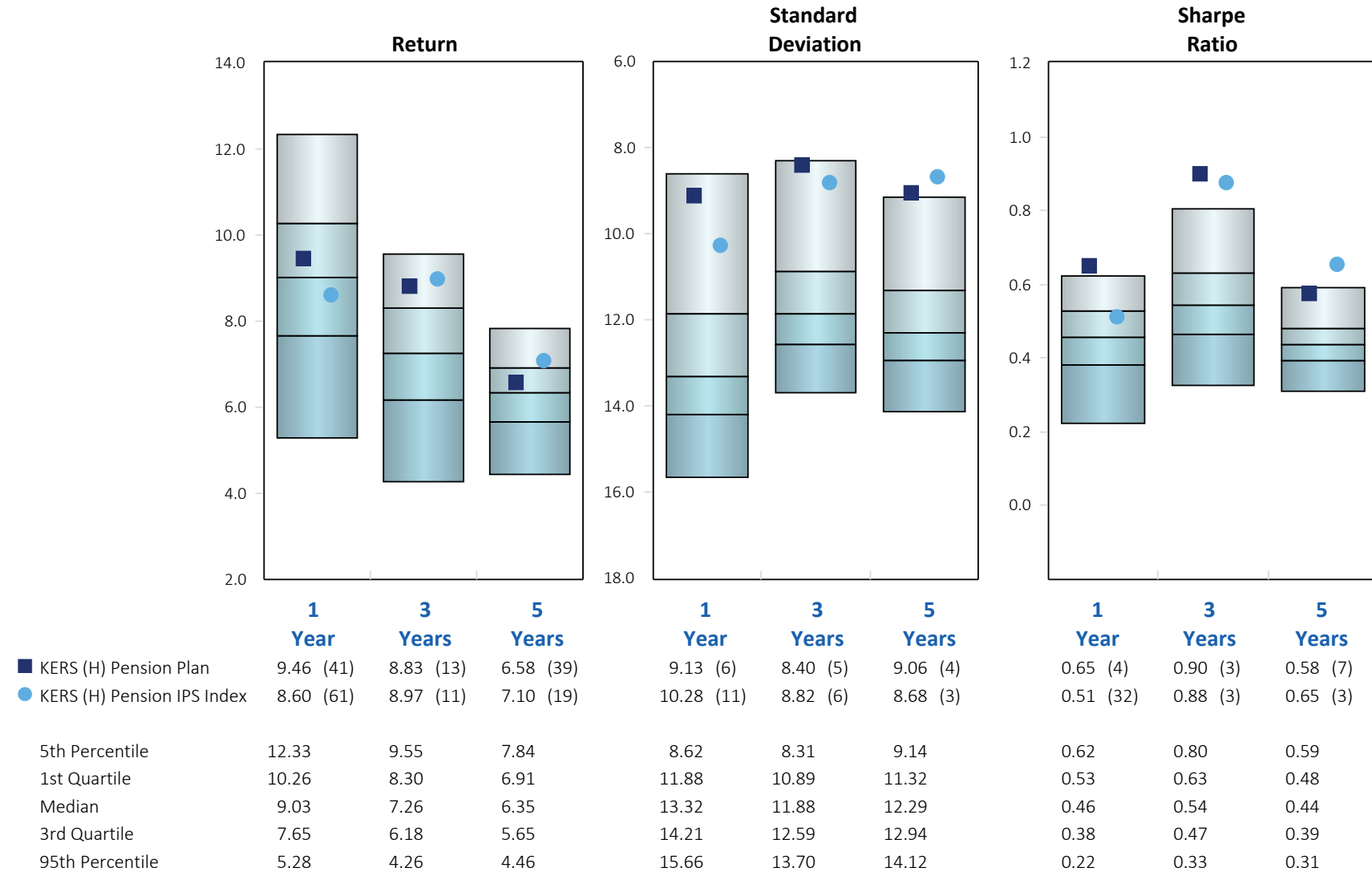


Parentheses contain percentile rankings.  
Calculation based on monthly periodicity.

# Plan Sponsor Peer Group Analysis - Multi Statistics

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

Periods Ended June 30, 2023

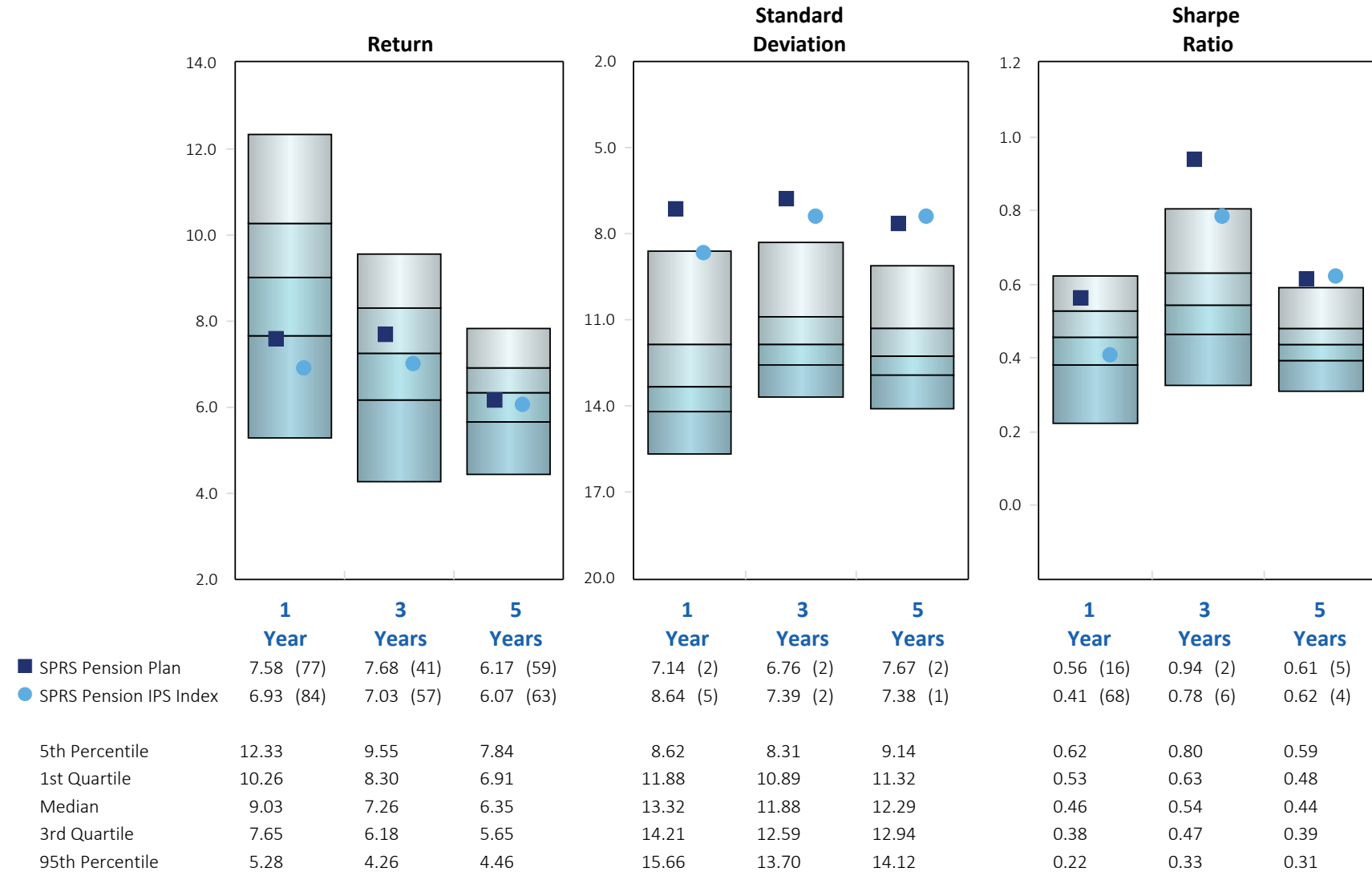


Parentheses contain percentile rankings.  
Calculation based on monthly periodicity.

# Plan Sponsor Peer Group Analysis - Multi Statistics

SPRS Pension Plan vs All Public Plans-Total Fund

Periods Ended June 30, 2023



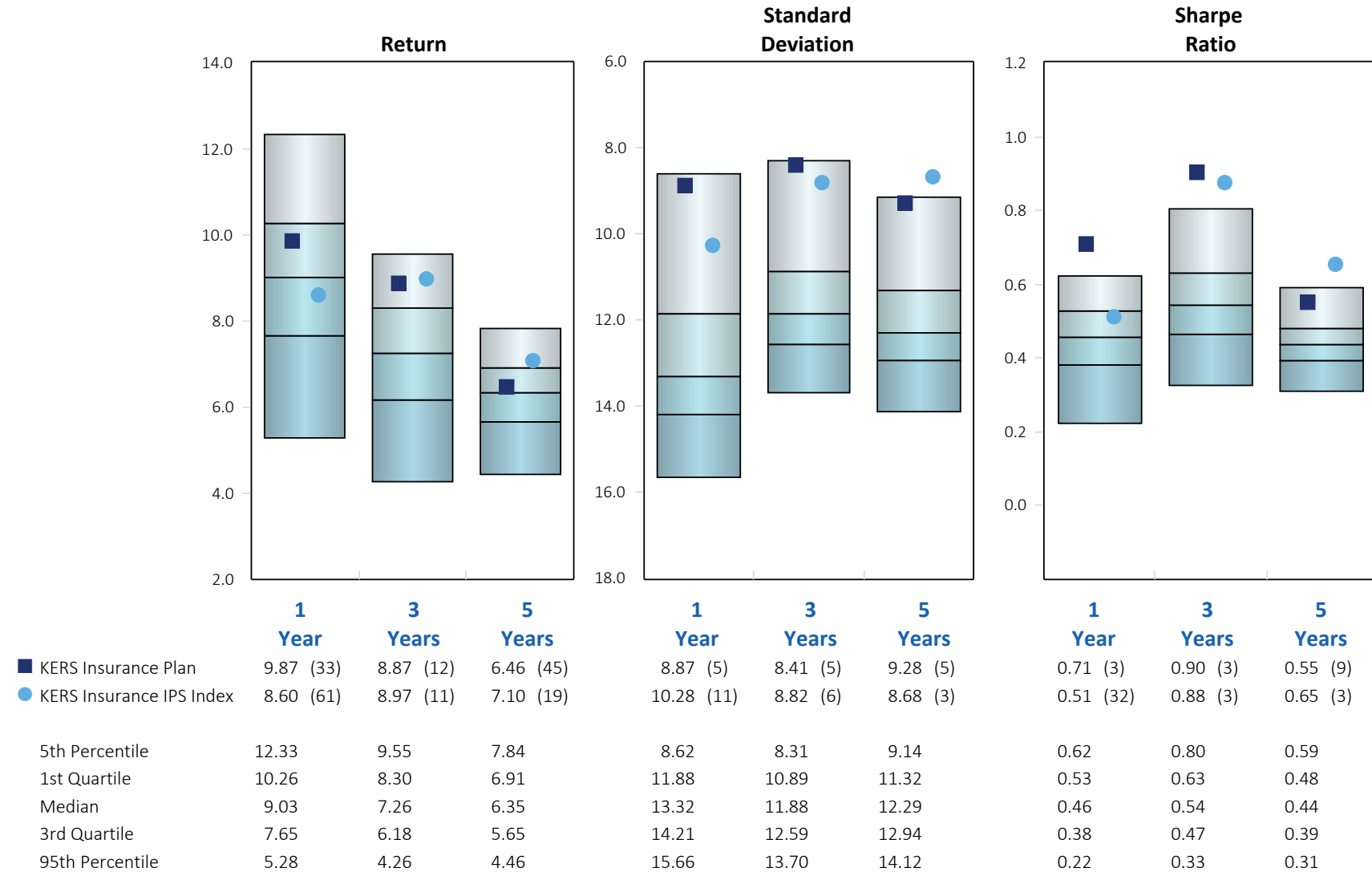
Parentheses contain percentile rankings.  
Calculation based on monthly periodicity.



# Plan Sponsor Peer Group Analysis - Multi Statistics

KERS Insurance Plan vs All Public Plans-Total Fund

Periods Ended June 30, 2023

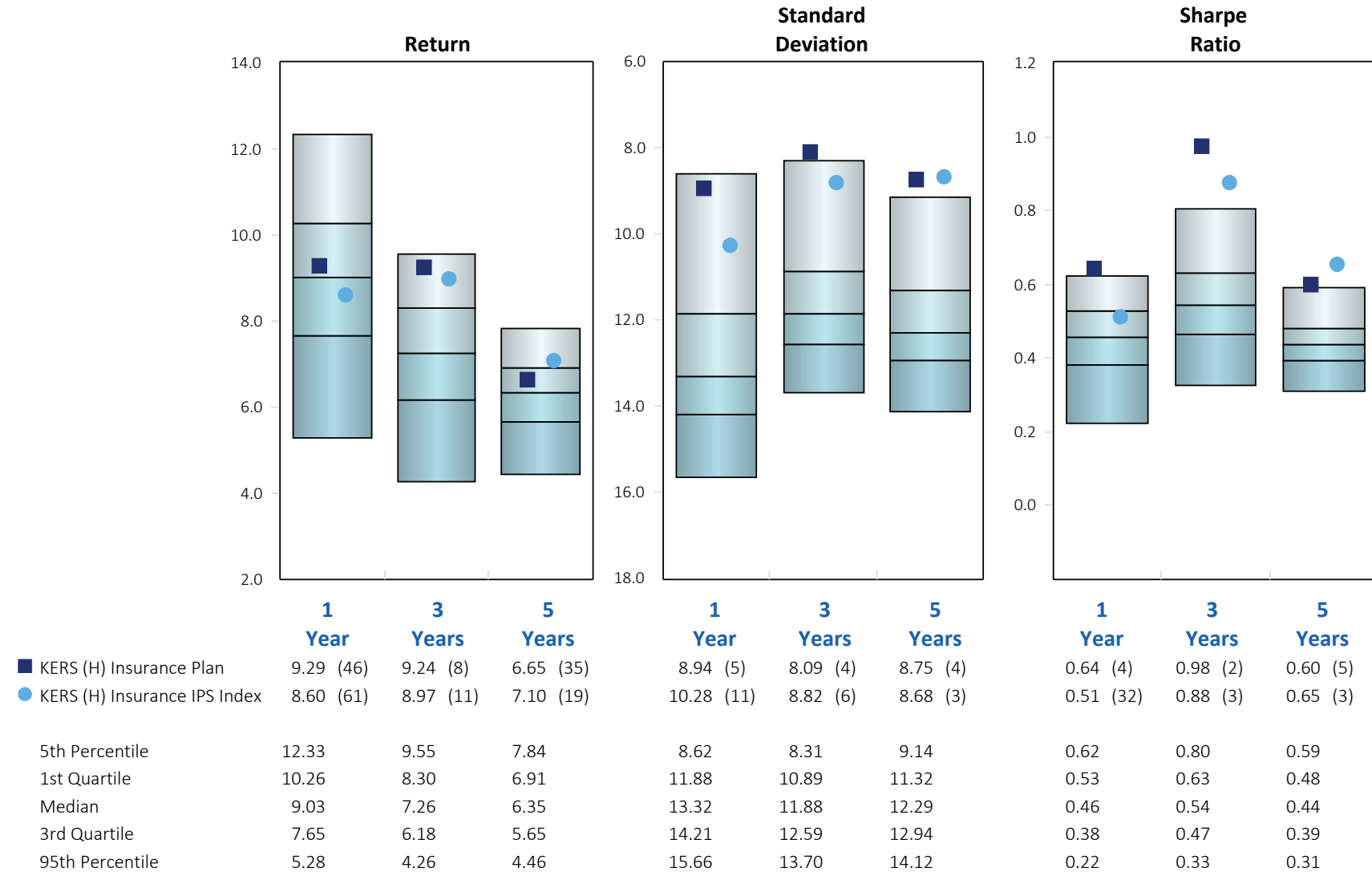


Parentheses contain percentile rankings.  
Calculation based on monthly periodicity.

# Plan Sponsor Peer Group Analysis - Multi Statistics

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

Periods Ended June 30, 2023

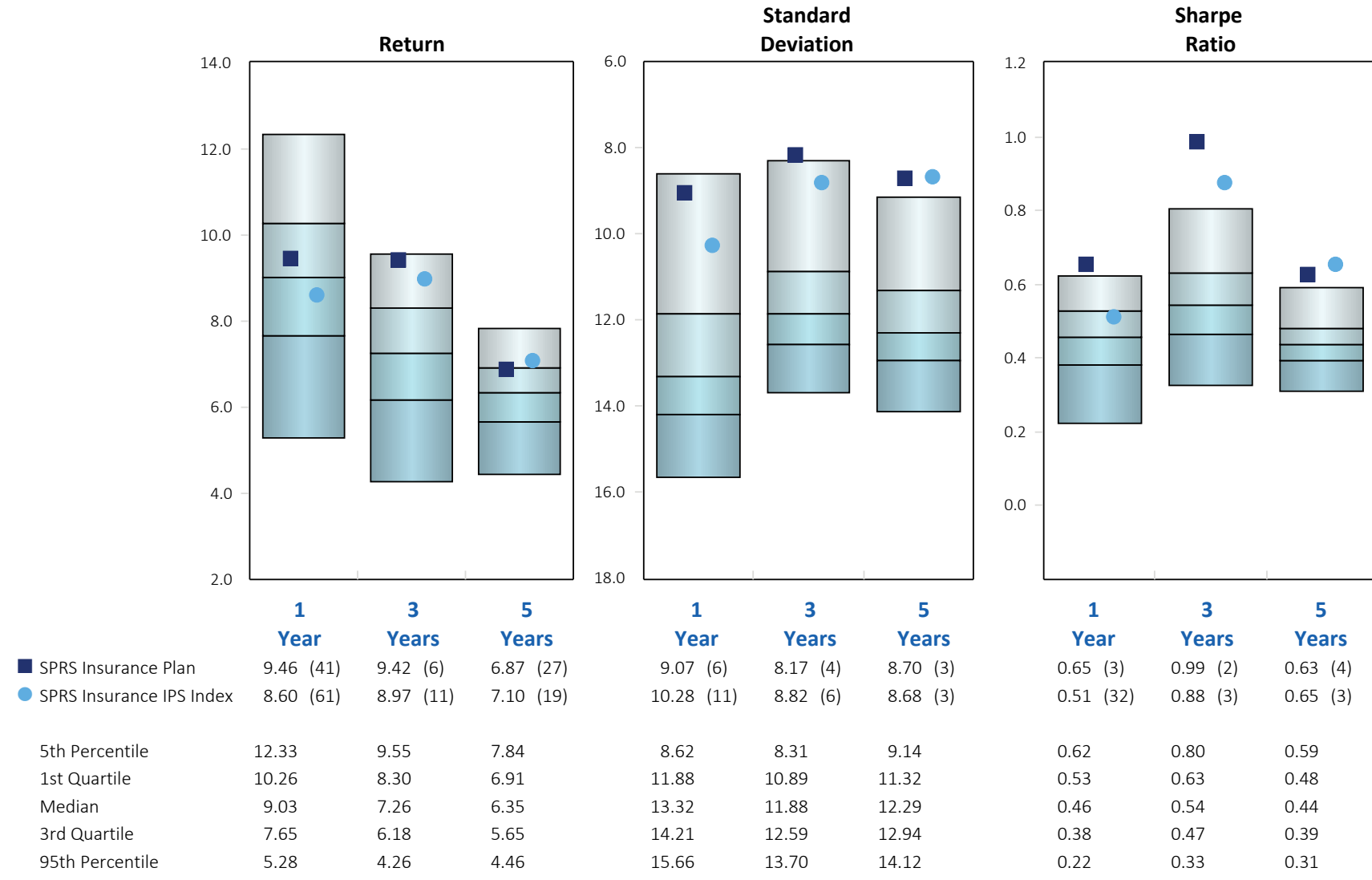


Parentheses contain percentile rankings.  
Calculation based on monthly periodicity.

# Plan Sponsor Peer Group Analysis - Multi Statistics

SPRS Insurance Plan vs All Public Plans-Total Fund

Periods Ended June 30, 2023

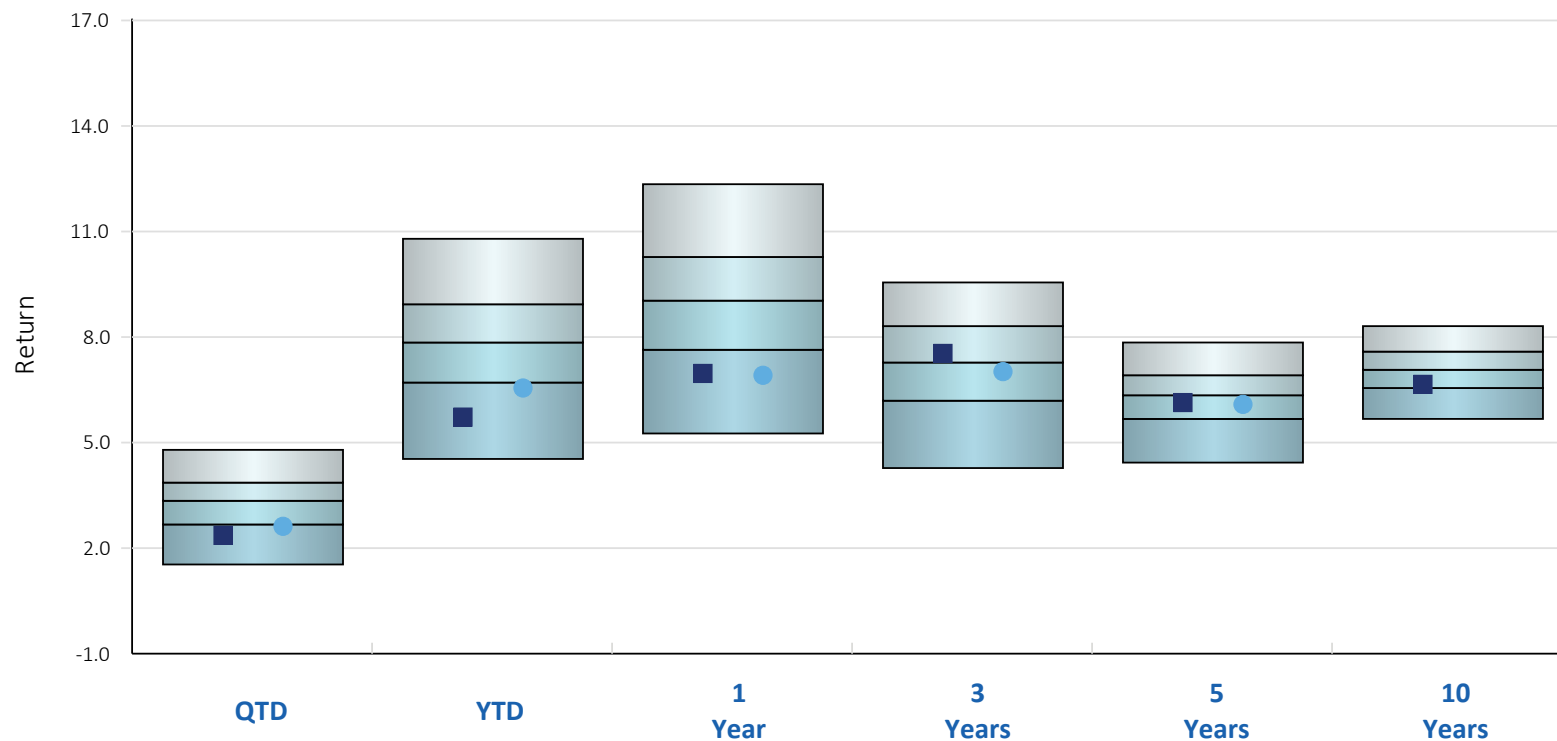


Parentheses contain percentile rankings.  
Calculation based on monthly periodicity.

# Plan Sponsor Peer Group Analysis

KERS Pension Plan vs All Public Plans-Total Fund

Periods Ended June 30, 2023



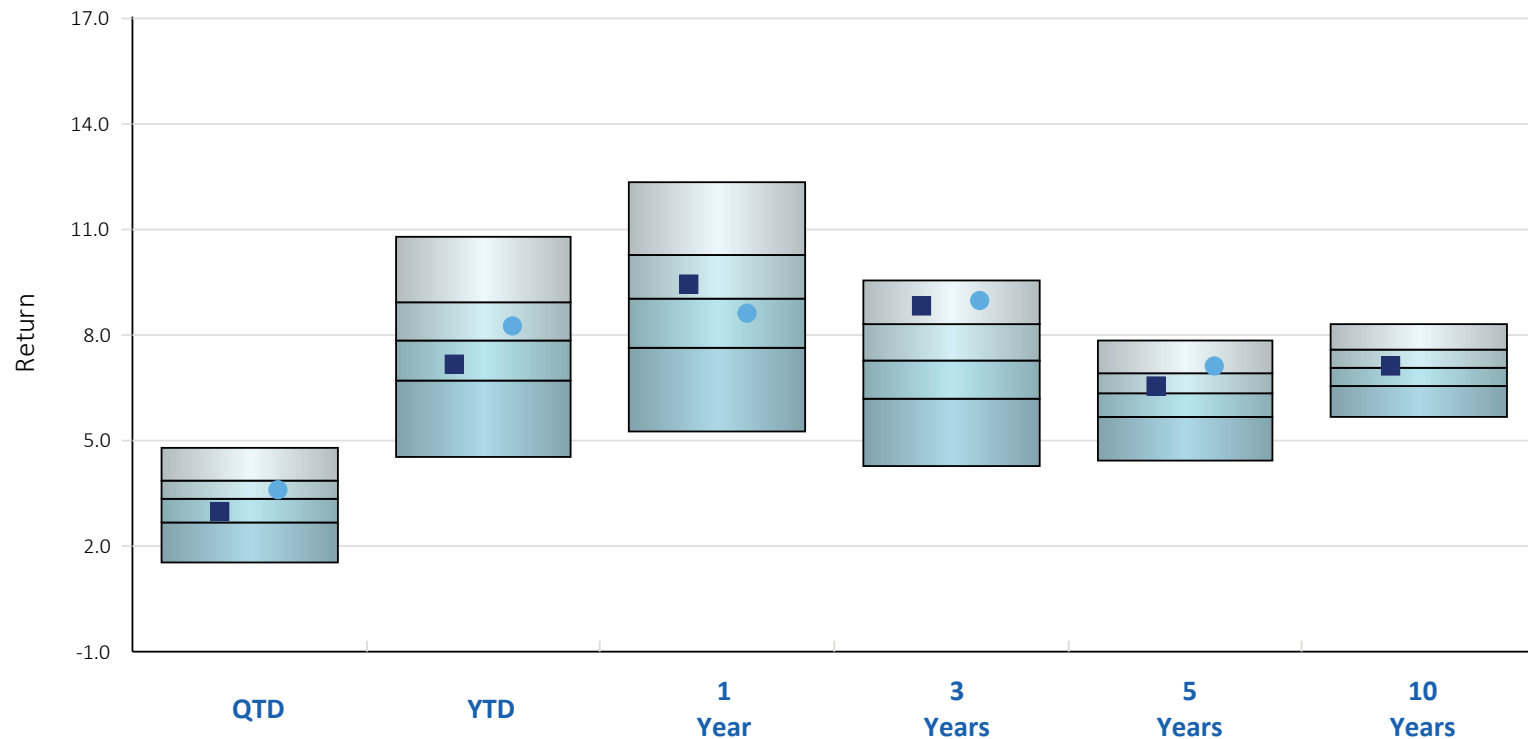
	<b>QTD</b>	<b>YTD</b>	<b>1 Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>
■ KERS Pension Plan	2.38 (87)	5.70 (89)	6.96 (84)	7.53 (44)	6.12 (62)	6.66 (69)
● KERS Pension IPS Index	2.63 (79)	6.53 (78)	6.93 (84)	7.03 (57)	6.07 (63)	
5th Percentile	4.80	10.82	12.33	9.55	7.84	8.31
1st Quartile	3.86	8.93	10.26	8.30	6.91	7.61
Median	3.33	7.83	9.03	7.26	6.35	7.09
3rd Quartile	2.70	6.70	7.65	6.18	5.65	6.53
95th Percentile	1.51	4.51	5.28	4.26	4.46	5.65
Population	554	547	539	516	496	403

Parentheses contain percentile rankings.  
Calculation based on monthly periodicity.

# Plan Sponsor Peer Group Analysis

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

Periods Ended June 30, 2023



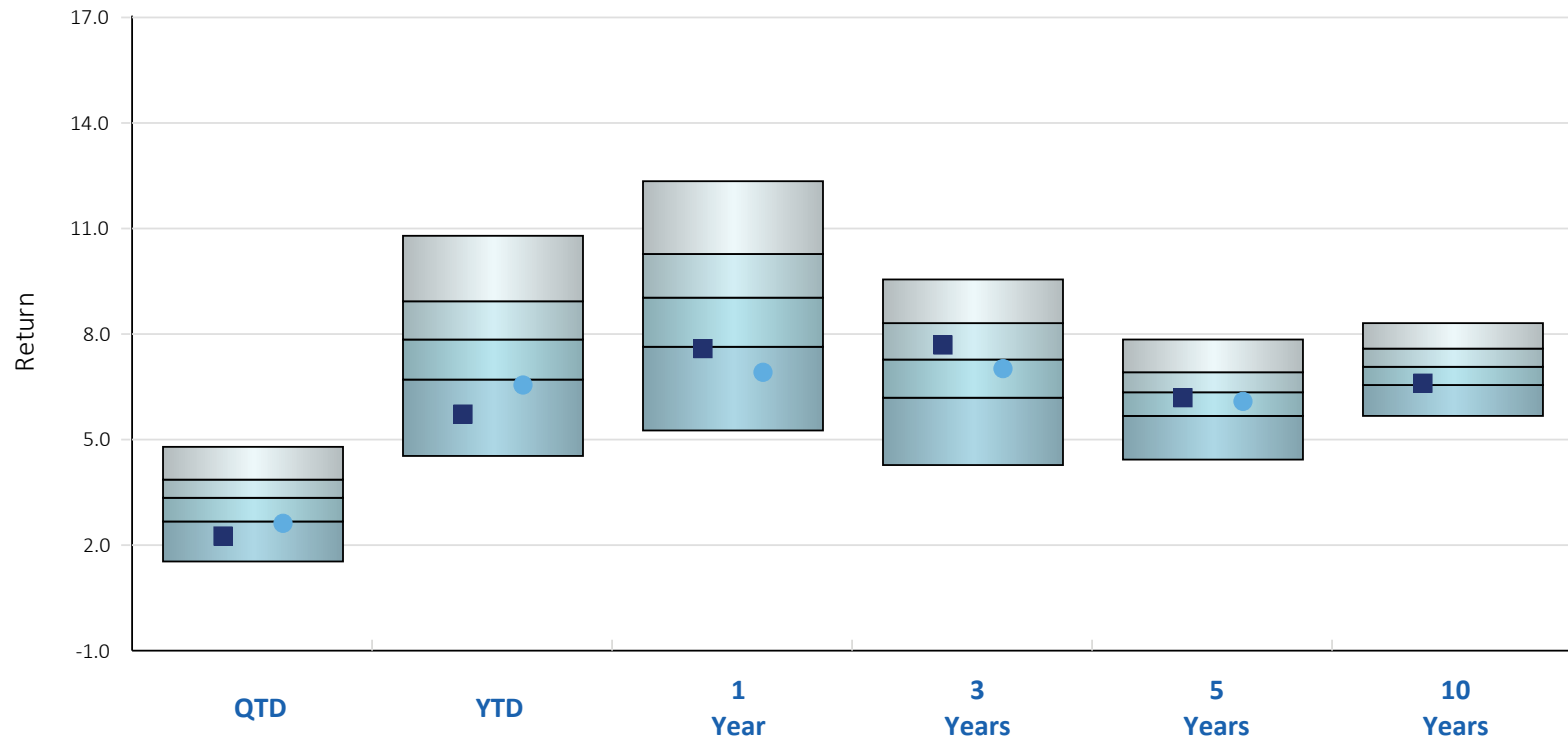
	<b>QTD</b>	<b>YTD</b>	<b>1 Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>
■ KERS (H) Pension Plan	2.98 (65)	7.16 (66)	9.46 (41)	8.83 (13)	6.58 (39)	7.13 (47)
● KERS (H) Pension IPS Index	3.60 (37)	8.26 (41)	8.60 (61)	8.97 (11)	7.10 (19)	7.13 (47)
5th Percentile	4.80	10.82	12.33	9.55	7.84	8.31
1st Quartile	3.86	8.93	10.26	8.30	6.91	7.61
Median	3.33	7.83	9.03	7.26	6.35	7.09
3rd Quartile	2.70	6.70	7.65	6.18	5.65	6.53
95th Percentile	1.51	4.51	5.28	4.26	4.46	5.65
Population	554	547	539	516	496	403

Parentheses contain percentile rankings.  
Calculation based on monthly periodicity.

# Plan Sponsor Peer Group Analysis

SPRS Pension Plan vs All Public Plans-Total Fund

Periods Ended June 30, 2023



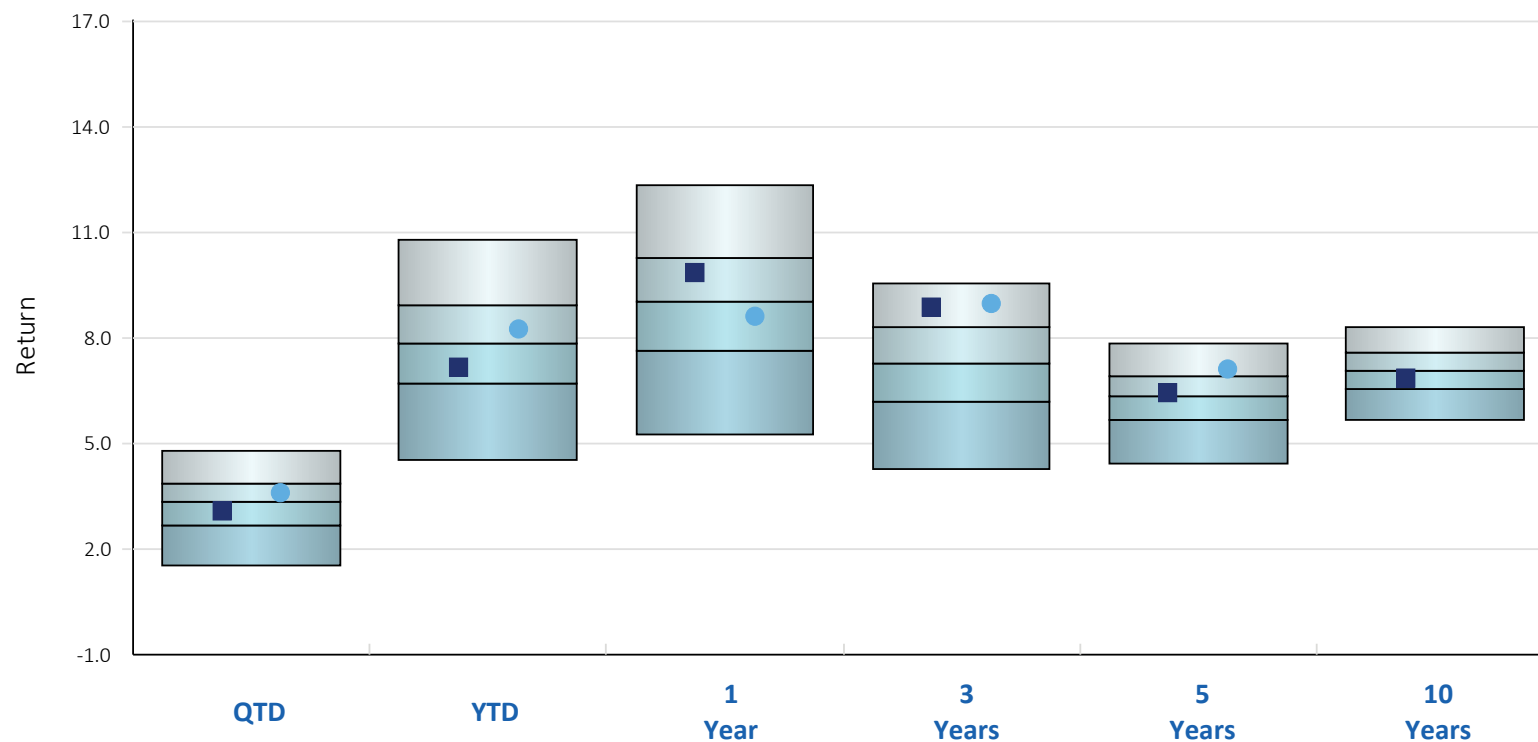
	<b>QTD</b>	<b>YTD</b>	<b>1 Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>
■ SPRS Pension Plan	2.27 (88)	5.75 (89)	7.58 (77)	7.68 (41)	6.17 (59)	6.61 (71)
● SPRS Pension IPS Index	2.63 (79)	6.53 (78)	6.93 (84)	7.03 (57)	6.07 (63)	
5th Percentile	4.80	10.82	12.33	9.55	7.84	8.31
1st Quartile	3.86	8.93	10.26	8.30	6.91	7.61
Median	3.33	7.83	9.03	7.26	6.35	7.09
3rd Quartile	2.70	6.70	7.65	6.18	5.65	6.53
95th Percentile	1.51	4.51	5.28	4.26	4.46	5.65
Population	554	547	539	516	496	403

Parentheses contain percentile rankings.  
Calculation based on monthly periodicity.

# Plan Sponsor Peer Group Analysis

KERS Insurance Plan vs All Public Plans-Total Fund

Periods Ended June 30, 2023



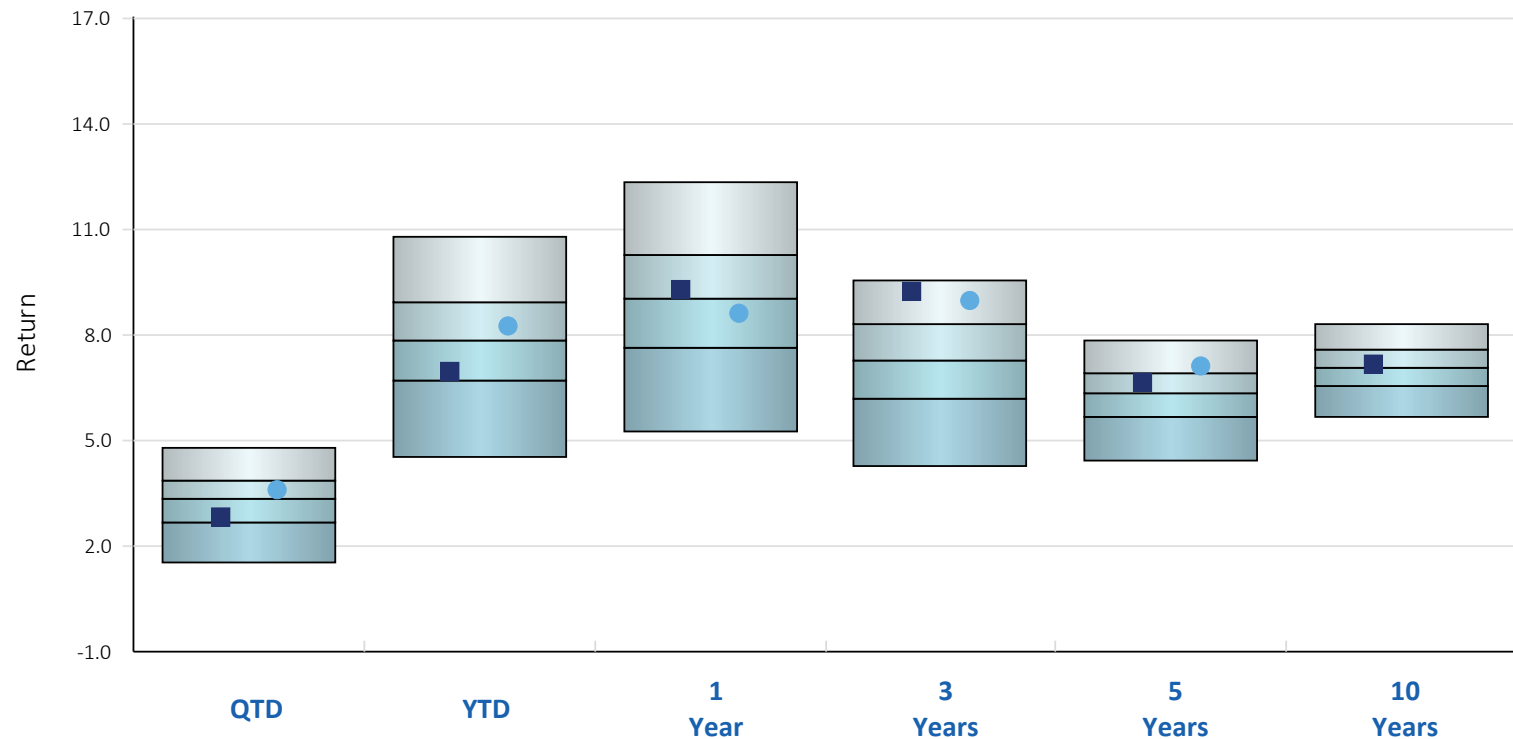
	<b>QTD</b>	<b>YTD</b>	<b>1 Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>
■ KERS Insurance Plan	3.07 (62)	7.19 (65)	9.87 (33)	8.87 (12)	6.46 (45)	6.84 (62)
● KERS Insurance IPS Index	3.60 (37)	8.26 (41)	8.60 (61)	8.97 (11)	7.10 (19)	
5th Percentile	4.80	10.82	12.33	9.55	7.84	8.31
1st Quartile	3.86	8.93	10.26	8.30	6.91	7.61
Median	3.33	7.83	9.03	7.26	6.35	7.09
3rd Quartile	2.70	6.70	7.65	6.18	5.65	6.53
95th Percentile	1.51	4.51	5.28	4.26	4.46	5.65
Population	554	547	539	516	496	403

Parentheses contain percentile rankings.  
Calculation based on monthly periodicity.

# Plan Sponsor Peer Group Analysis

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

Periods Ended June 30, 2023



	QTD	YTD	1 Year	3 Years	5 Years	10 Years
■ KERS (H) Insurance Plan	2.85 (71)	6.96 (69)	9.29 (46)	9.24 (8)	6.65 (35)	7.17 (43)
● KERS (H) Insurance IPS Index	3.60 (37)	8.26 (41)	8.60 (61)	8.97 (11)	7.10 (19)	
5th Percentile	4.80	10.82	12.33	9.55	7.84	8.31
1st Quartile	3.86	8.93	10.26	8.30	6.91	7.61
Median	3.33	7.83	9.03	7.26	6.35	7.09
3rd Quartile	2.70	6.70	7.65	6.18	5.65	6.53
95th Percentile	1.51	4.51	5.28	4.26	4.46	5.65
Population	554	547	539	516	496	403

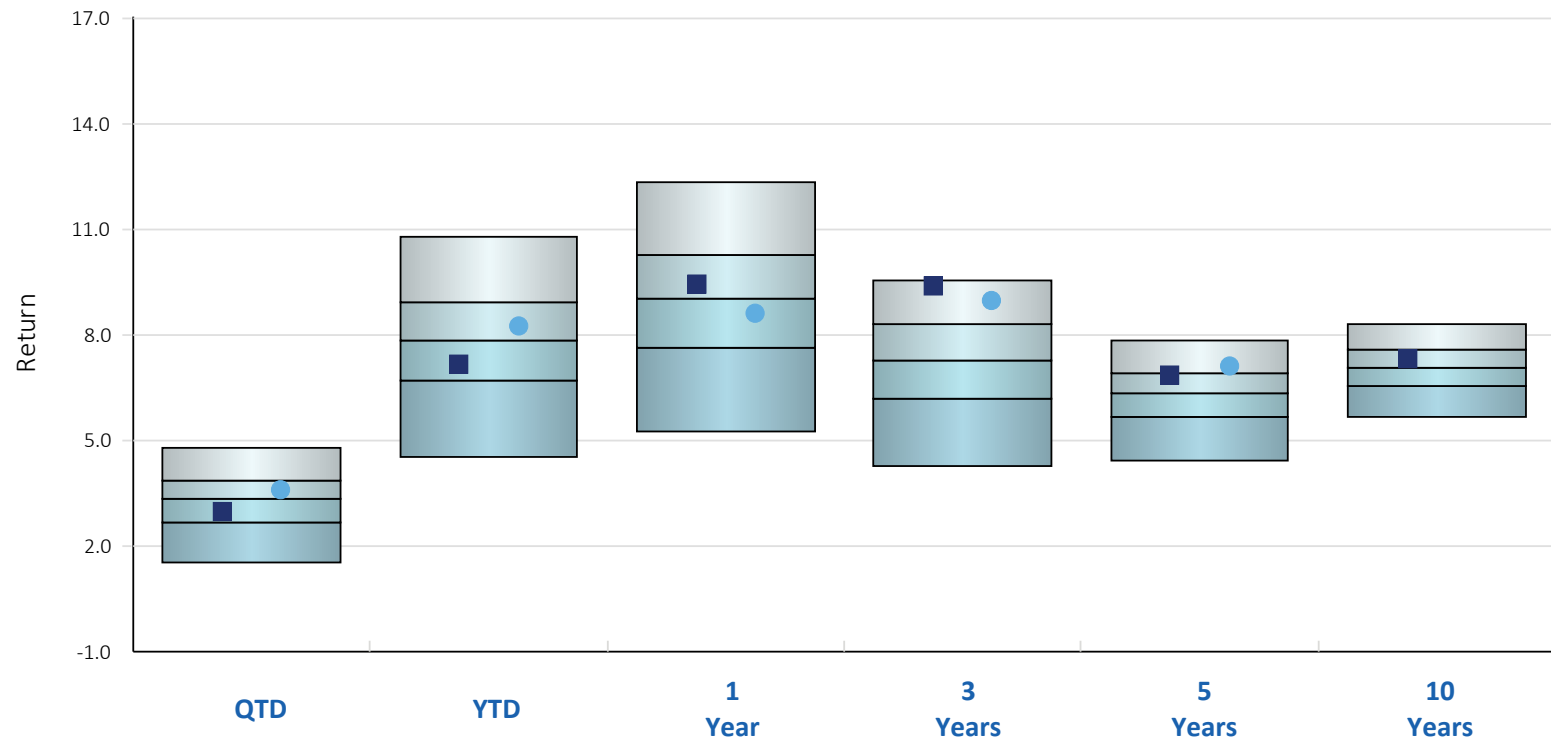
Parentheses contain percentile rankings.  
Calculation based on monthly periodicity.



# Plan Sponsor Peer Group Analysis

SPRS Insurance Plan vs All Public Plans-Total Fund

Periods Ended June 30, 2023



	<b>QTD</b>	<b>YTD</b>	<b>1 Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>
■ SPRS Insurance Plan	2.96 (66)	7.15 (66)	9.46 (41)	9.42 (6)	6.87 (27)	7.35 (36)
● SPRS Insurance IPS Index	3.60 (37)	8.26 (41)	8.60 (61)	8.97 (11)	7.10 (19)	
5th Percentile	4.80	10.82	12.33	9.55	7.84	8.31
1st Quartile	3.86	8.93	10.26	8.30	6.91	7.61
Median	3.33	7.83	9.03	7.26	6.35	7.09
3rd Quartile	2.70	6.70	7.65	6.18	5.65	6.53
95th Percentile	1.51	4.51	5.28	4.26	4.46	5.65
Population	554	547	539	516	496	403

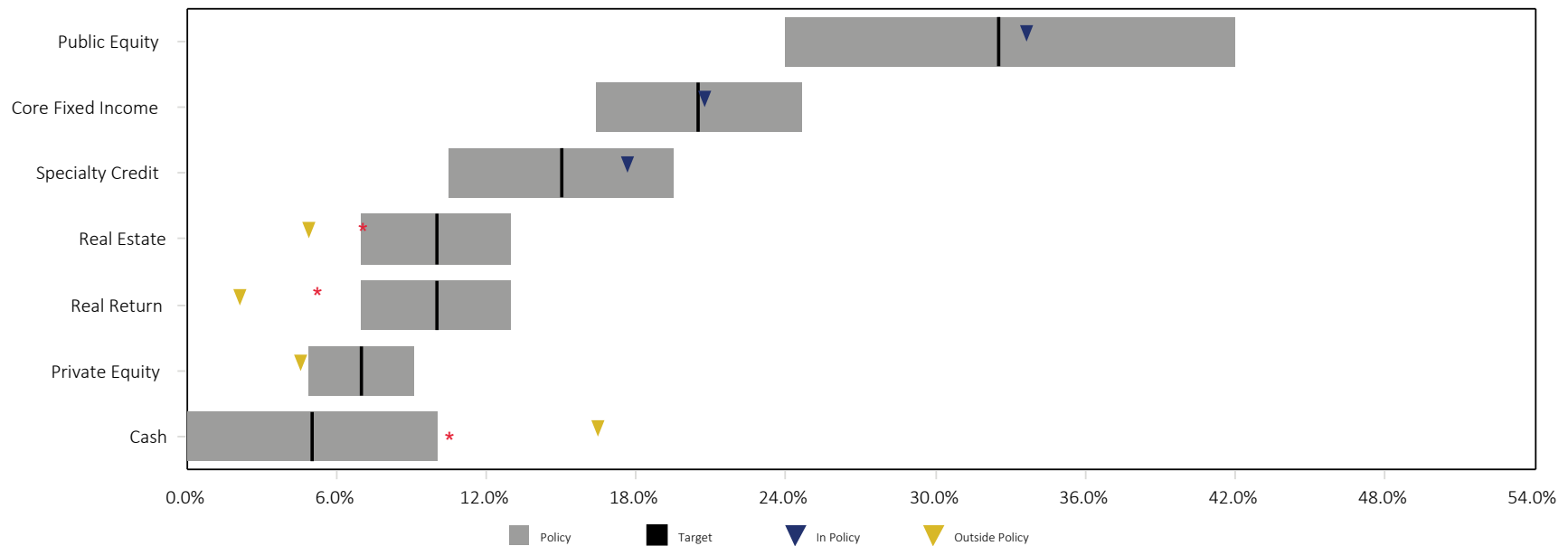
Parentheses contain percentile rankings.  
Calculation based on monthly periodicity.

# Asset Allocation Compliance

KERS Pension Plan

Periods Ended As of June 30, 2023

## Executive Summary



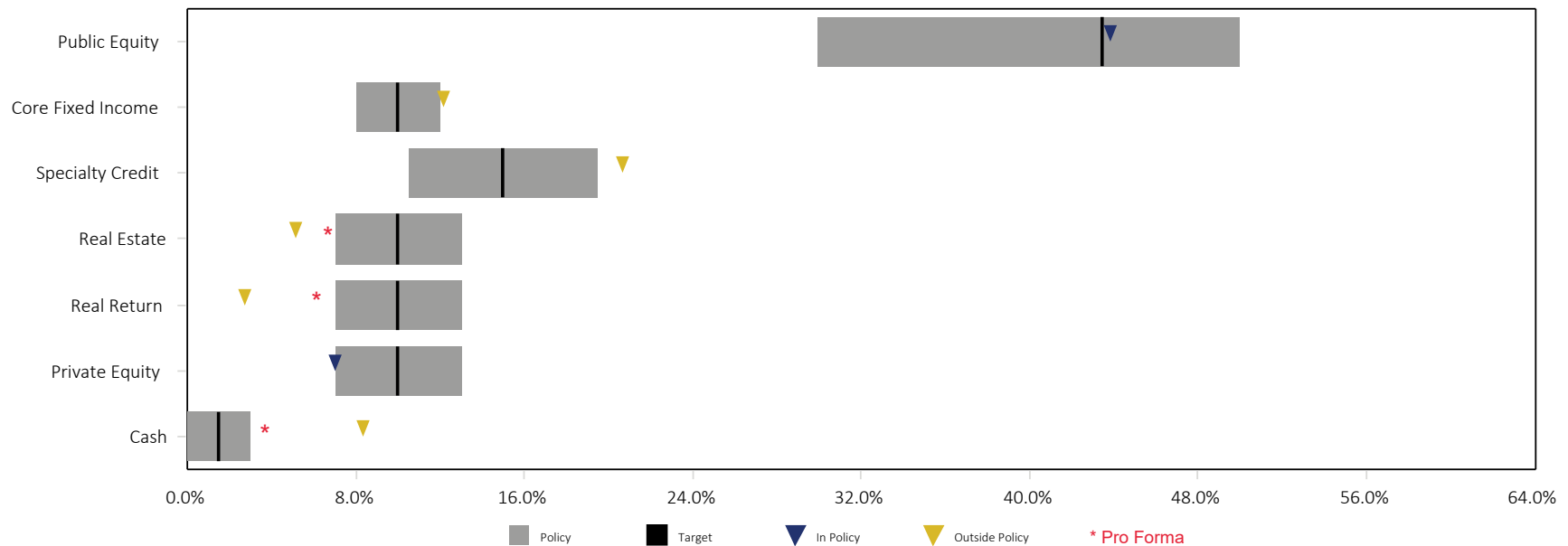
	Asset Allocation \$	Asset Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)	Target Allocation (%)	Target Rebalance \$
Public Equity	1,185,534,679	33.66	24.00	42.00	32.50	-40,873,338
Core Fixed Income	729,593,196	20.72	16.40	24.60	20.50	-7,576,042
Specialty Credit	621,903,358	17.66	10.50	19.50	15.00	-93,598,124
Real Estate	170,599,476	4.84	7.00	13.00	10.00	181,604,013
Real Return	74,951,736	2.13	7.00	13.00	10.00	277,251,754
Private Equity	159,851,197	4.54	4.90	9.10	7.00	86,691,246
Cash	579,601,254	16.46	0.00	10.00	5.00	-403,499,509
Total Fund	3,522,034,895	100.00			100.00	

# Asset Allocation Compliance

KERS (H) Pension Plan

Periods Ended As of June 30, 2023

## Executive Summary



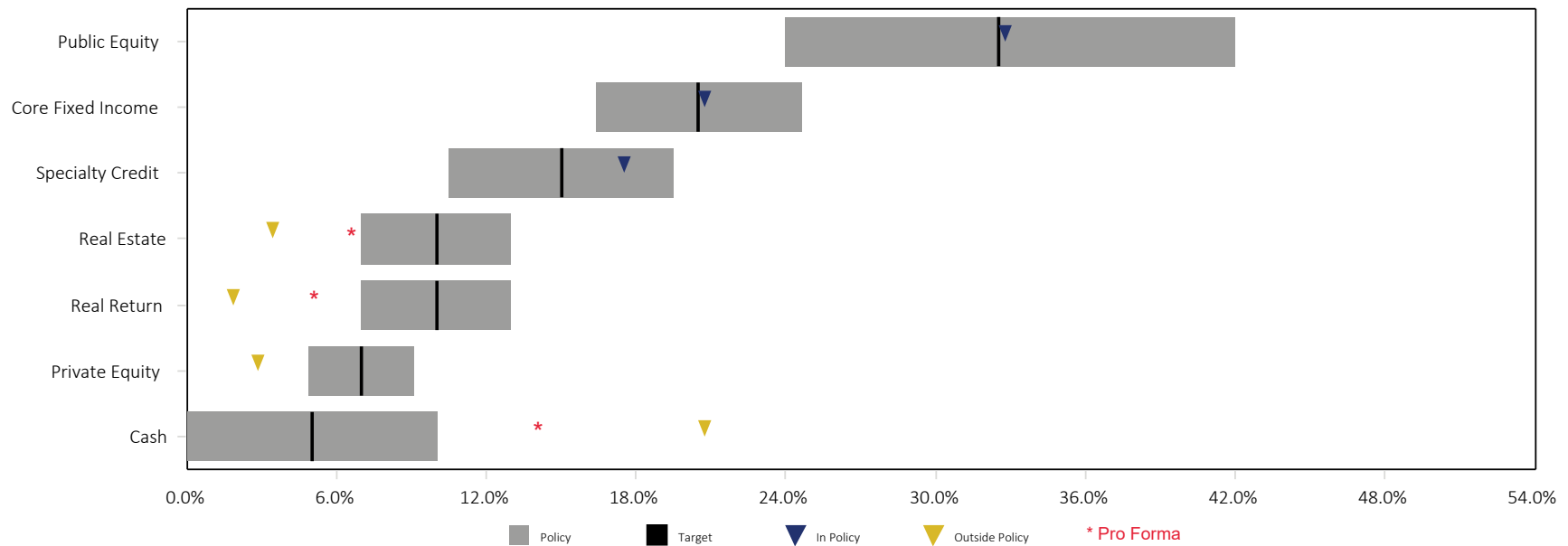
	Asset Allocation \$	Asset Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)	Target Allocation (%)	Target Rebalance \$
Public Equity	394,373,259	43.88	30.00	50.00	43.50	-3,391,096
Core Fixed Income	109,190,491	12.15	8.00	12.00	10.00	-19,309,534
Specialty Credit	185,900,057	20.68	10.50	19.50	15.00	-51,078,621
Real Estate	46,519,401	5.18	7.00	13.00	10.00	43,361,556
Real Return	24,885,159	2.77	7.00	13.00	10.00	64,995,798
Private Equity	63,181,329	7.03	7.00	13.00	10.00	26,699,628
Cash	74,759,874	8.32	0.00	3.00	1.50	-61,277,731
Total Fund	898,809,570	100.00			100.00	

# Asset Allocation Compliance

SPRS Pension Plan

Periods Ended As of June 30, 2023

## Executive Summary



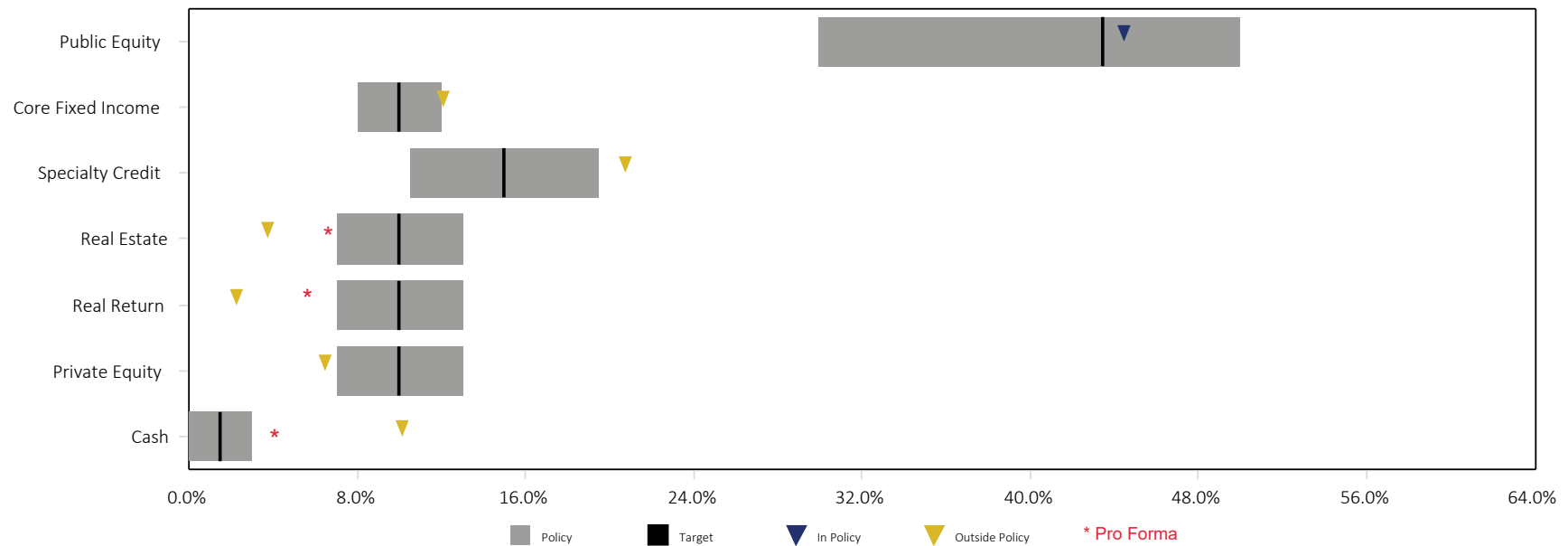
	Asset Allocation \$	Asset Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)	Target Allocation (%)	Target Rebalance \$
Public Equity	192,859,388	32.83	24.00	42.00	32.50	-1,919,571
Core Fixed Income	121,965,160	20.76	16.40	24.60	20.50	-1,526,198
Specialty Credit	103,070,132	17.54	10.50	19.50	15.00	-14,944,063
Real Estate	20,165,722	3.43	7.00	13.00	10.00	38,584,991
Real Return	10,917,344	1.86	7.00	13.00	10.00	47,833,369
Private Equity	16,597,401	2.83	4.90	9.10	7.00	24,528,098
Cash	121,931,983	20.75	0.00	10.00	5.00	-92,556,626
Total Fund	587,507,130	100.00			100.00	

# Asset Allocation Compliance

KERS Insurance Plan

Periods Ended As of June 30, 2023

## Executive Summary



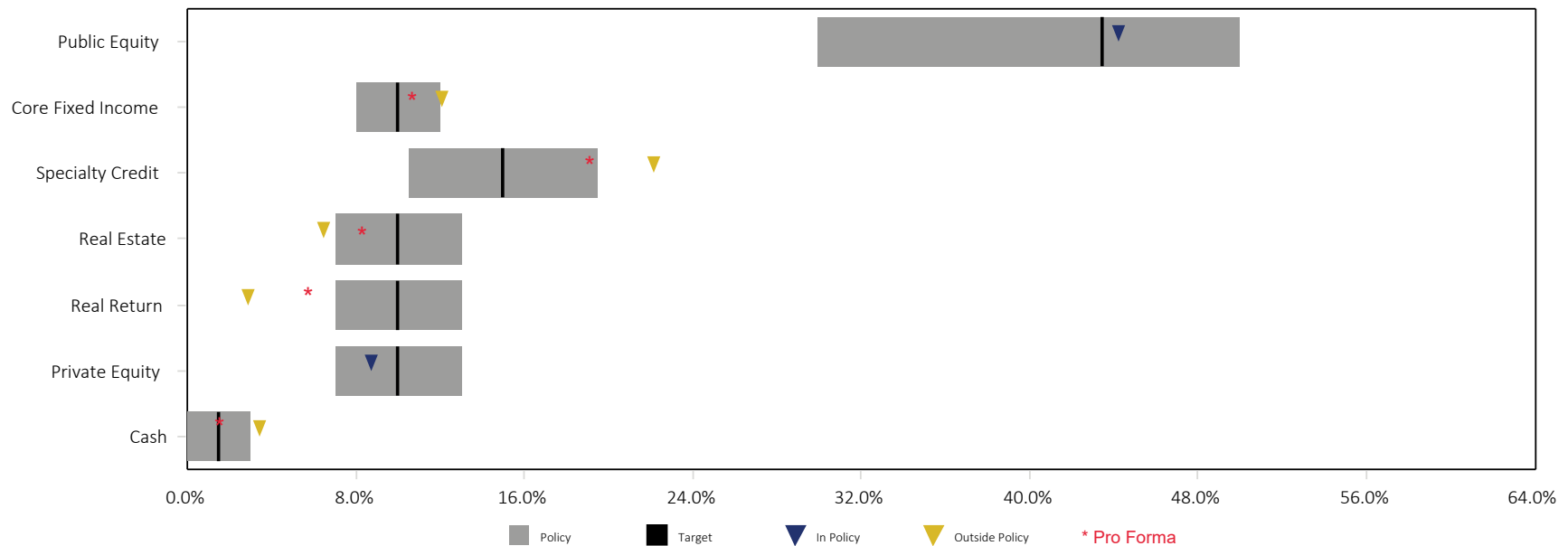
	Asset Allocation \$	Asset Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)	Target Allocation (%)	Target Rebalance \$
Public Equity	646,377,003	44.51	30.00	50.00	43.50	-14,644,729
Core Fixed Income	175,888,286	12.11	8.00	12.00	10.00	-30,662,476
Specialty Credit	301,534,734	20.76	10.50	19.50	15.00	-83,696,019
Real Estate	54,522,273	3.75	7.00	13.00	10.00	90,703,537
Real Return	32,410,262	2.23	7.00	13.00	10.00	112,815,548
Private Equity	94,391,269	6.50	7.00	13.00	10.00	50,834,541
Cash	147,134,274	10.13	0.00	3.00	1.50	-125,350,402
Total Fund	1,452,258,100	100.00			100.00	

# Asset Allocation Compliance

KERS (H) Insurance Plan

Periods Ended As of June 30, 2023

## Executive Summary



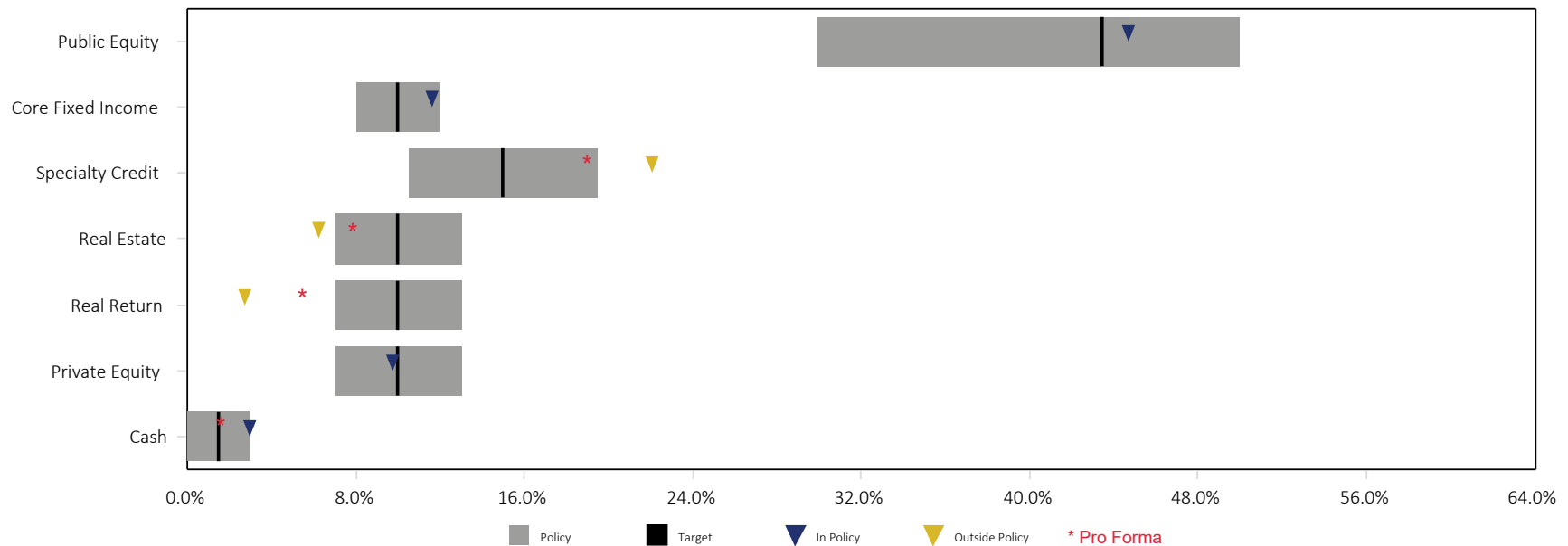
	Asset Allocation \$	Asset Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)	Target Allocation (%)	Target Rebalance \$
Public Equity	272,366,600	44.22	30.00	50.00	43.50	-4,415,737
Core Fixed Income	74,586,100	12.11	8.00	12.00	10.00	-12,988,200
Specialty Credit	136,374,201	22.14	10.50	19.50	15.00	-43,977,352
Real Estate	39,973,834	6.49	7.00	13.00	10.00	21,624,065
Real Return	17,822,279	2.89	7.00	13.00	10.00	43,775,620
Private Equity	53,885,957	8.75	7.00	13.00	10.00	7,711,942
Cash	20,970,023	3.40	0.00	3.00	1.50	-11,730,338
Total Fund	615,978,994	100.00			100.00	

# Asset Allocation Compliance

## SPRS Insurance Plan

Periods Ended As of June 30, 2023

### Executive Summary



	Asset Allocation \$	Asset Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)	Target Allocation (%)	Target Rebalance \$
Public Equity	109,919,593	44.71	30.00	50.00	43.50	-2,982,009
Core Fixed Income	28,594,329	11.63	8.00	12.00	10.00	-4,010,977
Specialty Credit	54,203,305	22.05	10.50	19.50	15.00	-17,328,276
Real Estate	15,293,329	6.22	7.00	13.00	10.00	9,290,024
Real Return	6,699,175	2.73	7.00	13.00	10.00	17,884,177
Private Equity	23,922,538	9.73	7.00	13.00	10.00	660,814
Cash	7,201,256	2.93	0.00	3.00	1.50	-3,513,753
Total Fund	245,833,526	100.00			100.00	

# Asset Allocation & Performance

Total Fund

Periods Ended June 30, 2023

	Market Value \$	Performance (%) net of fees										
		QTD	YTD	FYTD	1 Year	3 Years	5 Years	10 Years	20 Years	30 Years	Since Inception	Inception Date
<b>KERS Pension Plan</b>	<b>3,522,034,895</b>	<b>2.38</b>	<b>5.70</b>	<b>6.96</b>	<b>6.96</b>	<b>7.53</b>	<b>6.12</b>	<b>6.66</b>	<b>6.63</b>	<b>7.51</b>	<b>8.69</b>	<b>4/1/1984</b>
KERS Pension IPS Index		2.63	6.53	6.93	6.93	7.03	6.07					
Value Added		-0.25	-0.83	0.03	0.03	0.50	0.05					
KERS Pension Attribution Index		2.57	5.95	7.30	7.30	7.20						
Value Added		-0.19	-0.25	-0.34	-0.34	0.33						
Assumed Rate 5.25%		1.29	2.59	5.25	5.25	5.25	5.25					
Value Added		1.09	3.11	1.71	1.71	2.28	0.87					
<b>KERS Insurance Plan</b>	<b>1,452,258,100</b>	<b>3.07</b>	<b>7.19</b>	<b>9.87</b>	<b>9.87</b>	<b>8.87</b>	<b>6.46</b>	<b>6.84</b>	<b>6.51</b>	<b>6.71</b>	<b>7.26</b>	<b>4/1/1987</b>
KERS Insurance IPS Index		3.60	8.26	8.60	8.60	8.97	7.10					
Value Added		-0.53	-1.07	1.27	1.27	-0.10	-0.64					
KERS Insurance Attribution Index		3.33	7.25	10.20	10.20	9.57						
Value Added		-0.26	-0.06	-0.33	-0.33	-0.70						
Assumed Rate 6.25%		1.53	3.08	6.25	6.25	6.25	6.25					
Value Added		1.54	4.11	3.62	3.62	2.62	0.21					
<b>KERS (H) Pension Plan</b>	<b>898,809,570</b>	<b>2.98</b>	<b>7.16</b>	<b>9.46</b>	<b>9.46</b>	<b>8.83</b>	<b>6.58</b>	<b>7.13</b>	<b>6.87</b>	<b>7.67</b>	<b>8.82</b>	<b>4/1/1984</b>
KERS (H) Pension IPS Index		3.60	8.26	8.60	8.60	8.97	7.10					
Value Added		-0.62	-1.10	0.86	0.86	-0.14	-0.52					
KERS (H) Pension Attribution Index		3.13	7.12	9.44	9.44	9.14						
Value Added		-0.15	0.04	0.02	0.02	-0.31						
Assumed Rate 6.25%		1.53	3.08	6.25	6.25	6.25	6.25					
Value Added		1.45	4.08	3.21	3.21	2.58	0.33					

\* Pro Forma



# Asset Allocation & Performance

Total Fund

Periods Ended June 30, 2023

	Market Value \$	Performance (%) net of fees										
		QTD	YTD	FYTD	1 Year	3 Years	5 Years	10 Years	20 Years	30 Years	Since Inception	Inception Date
<b>KERS (H) Insurance Plan</b>	<b>615,978,994</b>	<b>2.85</b>	<b>6.96</b>	<b>9.29</b>	<b>9.29</b>	<b>9.24</b>	<b>6.65</b>	<b>7.17</b>	<b>6.67</b>	<b>6.82</b>	<b>7.35</b>	<b>4/1/1987</b>
KERS (H) Insurance IPS Index		3.60	8.26	8.60	8.60	8.97	7.10					
Value Added		-0.75	-1.30	0.69	0.69	0.27	-0.45					
KERS (H) Insurance Attribution Index		2.94	6.98	9.38	9.38	9.08						
Value Added		-0.09	-0.02	-0.09	-0.09	0.16						
Assumed Rate 6.25%		1.53	3.08	6.25	6.25	6.25	6.25					
Value Added		1.32	3.88	3.04	3.04	2.99	0.40					
<b>SPRS Pension Plan</b>	<b>587,507,130</b>	<b>2.27</b>	<b>5.75</b>	<b>7.58</b>	<b>7.58</b>	<b>7.68</b>	<b>6.17</b>	<b>6.61</b>	<b>6.60</b>	<b>7.50</b>	<b>8.68</b>	<b>4/1/1984</b>
SPRS Pension IPS Index		2.63	6.53	6.93	6.93	7.03	6.07					
Value Added		-0.36	-0.78	0.65	0.65	0.65	0.10					
SPRS Pension Attribution Index		2.53	5.96	7.56	7.56	7.17						
Value Added		-0.26	-0.21	0.02	0.02	0.51						
Assumed Rate 5.25%		1.29	2.59	5.25	5.25	5.25	5.25					
Value Added		0.98	3.16	2.33	2.33	2.43	0.92					
<b>SPRS Insurance Plan</b>	<b>245,833,526</b>	<b>2.96</b>	<b>7.15</b>	<b>9.46</b>	<b>9.46</b>	<b>9.42</b>	<b>6.87</b>	<b>7.35</b>	<b>6.76</b>	<b>6.88</b>	<b>7.40</b>	<b>4/1/1987</b>
SPRS Insurance IPS Index		3.60	8.26	8.60	8.60	8.97	7.10					
Value Added		-0.64	-1.11	0.86	0.86	0.45	-0.23					
SPRS Insurance Attribution Index		3.02	7.09	9.55	9.55	9.16						
Value Added		-0.06	0.06	-0.09	-0.09	0.26						
Assumed Rate 6.25%		1.53	3.08	6.25	6.25	6.25	6.25					
Value Added		1.43	4.07	3.21	3.21	3.17	0.62					

# Asset Allocation & Performance

## Pension Plan Accounts

Periods Ended June 30, 2023

	Performance (%) net of fees								Inception Date
	1 Month	QTD	YTD	FYTD	1 Year	3 Years	5 Years	Since Inception	
<b>Public Equity</b>	<b>5.72</b>	<b>5.57</b>	<b>13.54</b>	<b>17.69</b>	<b>17.69</b>			<b>-2.31</b>	<b>12/1/2021</b>
Public Equity Policy Index	5.81	6.18	13.93	16.53	16.53			-2.08	
Value Added	-0.09	-0.61	-0.39	1.16	1.16			-0.23	
<b>US Equity Composite</b>	<b>6.90</b>	<b>7.78</b>	<b>15.13</b>	<b>18.55</b>	<b>18.55</b>	<b>14.06</b>	<b>10.89</b>	<b>11.30</b>	<b>4/1/1984</b>
Russell 3000 Index	6.83	8.39	16.17	18.95	18.95	13.89	11.39	11.22	
Value Added	0.07	-0.61	-1.04	-0.40	-0.40	0.17	-0.50	0.08	
<b>S&amp;P 500 Index</b>	<b>6.59</b>	<b>8.74</b>	<b>16.90</b>	<b>19.57</b>	<b>19.57</b>	<b>14.58</b>	<b>12.52</b>	<b>8.50</b>	<b>7/1/2001</b>
S&P 500 Index	6.61	8.74	16.89	19.59	19.59	14.60	12.31	8.12	
Value Added	-0.02	0.00	0.01	-0.02	-0.02	-0.02	0.21	0.38	
<b>Scientific Beta</b>	<b>5.81</b>	<b>2.96</b>	<b>6.02</b>	<b>11.31</b>	<b>11.31</b>	<b>11.64</b>	<b>8.46</b>	<b>9.87</b>	<b>7/1/2016</b>
S&P 500 Index	6.61	8.74	16.89	19.59	19.59	14.60	12.31	13.38	
Value Added	-0.80	-5.78	-10.87	-8.28	-8.28	-2.96	-3.85	-3.51	
<b>River Road FAV</b>	<b>9.14</b>	<b>4.40</b>	<b>5.13</b>	<b>10.08</b>	<b>10.08</b>	<b>7.98</b>	<b>5.23</b>	<b>8.58</b>	<b>7/1/2016</b>
Russell 3000 Value Index	6.72	4.03	4.98	11.22	11.22	14.38	7.79	8.87	
Value Added	2.42	0.37	0.15	-1.14	-1.14	-6.40	-2.56	-0.29	
<b>Westfield Capital</b>	<b>6.12</b>	<b>11.69</b>	<b>28.47</b>	<b>26.10</b>	<b>26.10</b>	<b>12.73</b>	<b>14.75</b>	<b>13.74</b>	<b>7/1/2011</b>
Russell 3000 Growth Index	6.91	12.47	28.05	26.60	26.60	13.24	14.39	14.56	
Value Added	-0.79	-0.78	0.42	-0.50	-0.50	-0.51	0.36	-0.82	
<b>Internal US Mid Cap</b>	<b>9.25</b>	<b>5.10</b>	<b>9.46</b>	<b>18.72</b>	<b>18.72</b>	<b>15.72</b>	<b>8.35</b>	<b>9.68</b>	<b>8/1/2014</b>
S&P MidCap 400 Index	9.16	4.85	8.84	17.61	17.61	15.44	7.79	9.27	
Value Added	0.09	0.25	0.62	1.11	1.11	0.28	0.56	0.41	
<b>NTGI Structured</b>	<b>8.09</b>	<b>4.51</b>	<b>7.55</b>	<b>13.72</b>	<b>13.72</b>	<b>14.10</b>	<b>6.39</b>	<b>9.68</b>	<b>10/1/1999</b>
Russell 2000 Index	8.13	5.21	8.09	12.31	12.31	10.82	4.21	7.88	
Value Added	-0.04	-0.70	-0.54	1.41	1.41	3.28	2.18	1.80	

# Asset Allocation & Performance

## Pension Plan Accounts

Periods Ended June 30, 2023

	Performance (%) net of fees								
	1 Month	QTD	YTD	FYTD	1 Year	3 Years	5 Years	Since Inception	Inception Date
<b>Next Century Growth</b>	<b>7.17</b>	<b>9.07</b>	<b>21.96</b>	<b>27.48</b>	<b>27.48</b>	<b>24.31</b>		<b>27.47</b>	<b>11/1/2019</b>
Russell Microcap Growth Index	5.17	6.35	7.16	12.41	12.41	1.45		5.63	
Value Added	2.00	2.72	14.80	15.07	15.07	22.86		21.84	
<b>Non-US Equity Composite</b>	<b>4.03</b>	<b>2.48</b>	<b>11.27</b>	<b>16.41</b>	<b>16.41</b>	<b>7.38</b>	<b>4.17</b>	<b>3.58</b>	<b>7/1/2000</b>
MSCI ACWI ex US IMI (10/17)	4.34	2.38	9.10	12.47	12.47	7.33	3.38	3.50	
Value Added	-0.31	0.10	2.17	3.94	3.94	0.05	0.79	0.08	
<b>BlackRock World Ex US</b>	<b>4.96</b>	<b>3.47</b>	<b>11.89</b>	<b>18.33</b>	<b>18.33</b>	<b>9.91</b>	<b>4.88</b>	<b>6.48</b>	<b>7/1/2009</b>
MSCI World ex US (11/19)	4.75	3.03	11.29	17.41	17.41	9.30	4.45	6.17	
Value Added	0.21	0.44	0.60	0.92	0.92	0.61	0.43	0.31	
<b>American Century</b>	<b>3.39</b>	<b>1.06</b>	<b>10.70</b>	<b>16.27</b>	<b>16.27</b>	<b>5.41</b>	<b>5.94</b>	<b>5.83</b>	<b>7/1/2014</b>
MSCI ACWI ex US IMI (10/17)	4.34	2.38	9.10	12.47	12.47	7.33	3.38	3.14	
Value Added	-0.95	-1.32	1.60	3.80	3.80	-1.92	2.56	2.69	
<b>Franklin Templeton</b>	<b>-0.50</b>	<b>-0.92</b>	<b>11.13</b>	<b>15.35</b>	<b>15.35</b>	<b>-1.09</b>	<b>0.84</b>	<b>4.24</b>	<b>7/1/2014</b>
MSCI ACWI ex US IMI (10/17)	4.34	2.38	9.10	12.47	12.47	7.33	3.38	3.14	
Value Added	-4.84	-3.30	2.03	2.88	2.88	-8.42	-2.54	1.10	
<b>Lazard Asset Mgmt</b>	<b>4.93</b>	<b>3.97</b>	<b>13.27</b>	<b>16.51</b>	<b>16.51</b>	<b>8.34</b>	<b>4.26</b>	<b>4.16</b>	<b>7/1/2014</b>
MSCI ACWI ex US IMI (10/17)	4.34	2.38	9.10	12.47	12.47	7.33	3.38	3.14	
Value Added	0.59	1.59	4.17	4.04	4.04	1.01	0.88	1.02	
<b>LSV Asset Mgmt</b>	<b>4.98</b>	<b>3.17</b>	<b>10.59</b>	<b>17.86</b>	<b>17.86</b>	<b>10.65</b>	<b>4.23</b>	<b>3.42</b>	<b>7/1/2014</b>
MSCI ACWI ex US IMI (10/17)	4.34	2.38	9.10	12.47	12.47	7.33	3.38	3.14	
Value Added	0.64	0.79	1.49	5.39	5.39	3.32	0.85	0.28	
<b>Axiom</b>	<b>2.96</b>	<b>-0.87</b>	<b>6.69</b>	<b>7.63</b>	<b>7.63</b>			<b>-16.86</b>	<b>12/1/2021</b>
MSCI AC World ex USA Small Cap (Net)	3.44	2.05	6.84	10.93	10.93			-7.02	
Value Added	-0.48	-2.92	-0.15	-3.30	-3.30			-9.84	

# Asset Allocation & Performance

## Pension Plan Accounts

Periods Ended June 30, 2023

	Performance (%) net of fees								Inception Date
	1 Month	QTD	YTD	FYTD	1 Year	3 Years	5 Years	Since Inception	
<b>JP Morgan Emerging Markets</b>	<b>2.59</b>	<b>-1.09</b>	<b>4.35</b>	<b>4.62</b>	<b>4.62</b>	<b>0.50</b>		<b>1.05</b>	<b>11/1/2019</b>
MSCI Emerging Markets IMI Index	3.99	1.76	5.84	3.68	3.68	4.02		2.27	
Value Added	-1.40	-2.85	-1.49	0.94	0.94	-3.52		-1.22	
<b>Pzena Emerging Markets</b>	<b>7.13</b>	<b>6.97</b>	<b>14.64</b>	<b>19.72</b>	<b>19.72</b>	<b>15.22</b>		<b>7.66</b>	<b>11/1/2019</b>
MSCI Emerging Markets (Net)	3.80	0.90	4.89	1.75	1.75	2.32		1.00	
Value Added	3.33	6.07	9.75	17.97	17.97	12.90		6.66	
<b>Private Equity Composite</b>	<b>3.51</b>	<b>3.13</b>	<b>4.72</b>	<b>-1.55</b>	<b>-1.55</b>	<b>19.73</b>	<b>13.93</b>	<b>11.83</b>	<b>7/1/2002</b>
Russell 3000 +3% 1 Quarter Lag	2.93	7.98	16.59	-5.84	-5.84	22.03	13.76	11.70	
Value Added	0.58	-4.85	-11.87	4.29	4.29	-2.30	0.17	0.13	
<b>Core Fixed Composite</b>	<b>-0.26</b>	<b>-0.09</b>	<b>1.84</b>	<b>1.27</b>	<b>1.27</b>	<b>-0.34</b>		<b>2.22</b>	<b>10/1/2018</b>
Blmbg. U.S. Aggregate Index	-0.36	-0.84	2.09	-0.94	-0.94	-3.97		0.80	
Value Added	0.10	0.75	-0.25	2.21	2.21	3.63		1.42	
<b>Loomis Sayles Intmd</b>	<b>-0.49</b>	<b>-0.51</b>	<b>1.94</b>	<b>-0.23</b>	<b>-0.23</b>	<b>-2.58</b>		<b>0.81</b>	<b>2/1/2019</b>
Blmbg. U.S. Intermediate Aggregate Index	-0.60	-0.75	1.62	-0.60	-0.60	-2.89		0.31	
Value Added	0.11	0.24	0.32	0.37	0.37	0.31		0.50	
<b>Lord Abbett</b>	<b>-0.19</b>	<b>0.09</b>	<b>1.76</b>	<b>1.84</b>	<b>1.84</b>	<b>0.61</b>		<b>1.64</b>	<b>10/1/2018</b>
ICE BofA 1-3 Year U.S. Corporate Index	-0.14	0.28	1.57	1.66	1.66	-0.37		1.61	
Value Added	-0.05	-0.19	0.19	0.18	0.18	0.98		0.03	
<b>NISA</b>	<b>-0.36</b>	<b>-0.67</b>	<b>2.31</b>	<b>-0.57</b>	<b>-0.57</b>	<b>-3.62</b>	<b>1.13</b>	<b>2.89</b>	<b>2/1/2009</b>
Blmbg. U.S. Aggregate Index	-0.36	-0.84	2.09	-0.94	-0.94	-3.97	0.77	2.62	
Value Added	0.00	0.17	0.22	0.37	0.37	0.35	0.36	0.27	

# Asset Allocation & Performance

## Pension Plan Accounts

Periods Ended June 30, 2023

	Performance (%) net of fees								Inception Date
	1 Month	QTD	YTD	FYTD	1 Year	3 Years	5 Years	Since Inception	
<b>High Yield / Specialty Credit Composite</b>	1.67	1.90	4.76	7.18	7.18	7.73		5.64	10/1/2018
Policy Index	1.97	2.45	5.94	9.94	9.94	4.76		3.52	
Value Added	-0.30	-0.55	-1.18	-2.76	-2.76	2.97		2.12	
<b>Adams St SPC II A</b>	3.67	3.67	6.75	10.21	10.21	15.38		14.93	6/1/2020
<b>Adams St SPC II B</b>	2.56	2.56	4.66	8.98	8.98	9.92		9.64	6/1/2020
<b>Arrowmark</b>	1.27	4.02	7.93	13.81	13.81	14.53	10.07	9.90	6/1/2018
Morningstar LSTA US Leveraged Loan	2.26	3.15	6.48	10.71	10.71	6.31	4.13	4.09	
Value Added	-0.99	0.87	1.45	3.10	3.10	8.22	5.94	5.81	
<b>Blue Torch</b>	3.27	3.27	7.32	14.13	14.13			10.46	8/1/2020
<b>BSP Coinvestment</b>	3.11	3.11	5.50	7.88	7.88	6.94		6.80	10/1/2019
Morningstar LSTA US Leveraged Loan	2.26	3.15	6.48	10.71	10.71	6.31		4.18	
Value Added	0.85	-0.04	-0.98	-2.83	-2.83	0.63		2.62	
<b>BSP Private Credit</b>	3.17	3.17	4.43	5.23	5.23	11.13	6.53	5.96	2/1/2018
Morningstar LSTA US Leveraged Loan	2.26	3.15	6.48	10.71	10.71	6.31	4.13	4.03	
Value Added	0.91	0.02	-2.05	-5.48	-5.48	4.82	2.40	1.93	
<b>Capital Springs</b>	11.28	11.28	20.38	21.41	21.41	16.73		12.98	2/1/2020
Morningstar LSTA US Leveraged Loan	2.26	3.15	6.48	10.71	10.71	6.31		3.91	
Value Added	9.02	8.13	13.90	10.70	10.70	10.42		9.07	
<b>Cerberus Capital Mgmt</b>	0.67	1.89	4.02	8.53	8.53	12.59	10.87	9.61	9/1/2014
Morningstar LSTA US Leveraged Loan	2.26	3.15	6.48	10.71	10.71	6.31	4.13	3.96	
Value Added	-1.59	-1.26	-2.46	-2.18	-2.18	6.28	6.74	5.65	
<b>Columbia</b>	1.44	1.43	5.47	9.81	9.81	3.27	4.04	5.50	11/1/2011
Blmbg. U.S. Corp: High Yield Index	1.67	1.75	5.38	9.06	9.06	3.13	3.36	5.27	
Value Added	-0.23	-0.32	0.09	0.75	0.75	0.14	0.68	0.23	

# Asset Allocation & Performance

## Pension Plan Accounts

Periods Ended June 30, 2023

	Performance (%) net of fees								Inception Date
	1 Month	QTD	YTD	FYTD	1 Year	3 Years	5 Years	Since Inception	
<b>Manulife Asset Mgmt</b>	<b>1.33</b>	<b>1.08</b>	<b>4.60</b>	<b>7.10</b>	<b>7.10</b>	<b>2.30</b>	<b>3.72</b>	<b>3.71</b>	<b>12/1/2011</b>
Policy Index	-0.16	-0.59	2.32	-0.04	-0.04	-3.43	0.98	0.99	
Value Added	1.49	1.67	2.28	7.14	7.14	5.73	2.74	2.72	
<b>Marathon Bluegrass</b>	<b>0.36</b>	<b>-0.17</b>	<b>1.00</b>	<b>-4.03</b>	<b>-4.03</b>	<b>6.75</b>	<b>4.44</b>	<b>5.41</b>	<b>1/1/2016</b>
Blmbg. U.S. Corp: High Yield Index	1.67	1.75	5.38	9.06	9.06	3.13	3.36	5.44	
Value Added	-1.31	-1.92	-4.38	-13.09	-13.09	3.62	1.08	-0.03	
<b>Shenkman Capital</b>	<b>2.10</b>	<b>2.66</b>	<b>5.54</b>	<b>9.75</b>	<b>9.75</b>	<b>5.56</b>	<b>3.92</b>	<b>4.39</b>	<b>10/1/2010</b>
Morningstar LSTA US Leveraged Loan	2.26	3.15	6.48	10.71	10.71	6.31	4.13	4.49	
Value Added	-0.16	-0.49	-0.94	-0.96	-0.96	-0.75	-0.21	-0.10	
<b>Waterfall</b>	<b>0.59</b>	<b>-1.66</b>	<b>1.20</b>	<b>4.21</b>	<b>4.21</b>	<b>8.81</b>	<b>4.12</b>	<b>9.03</b>	<b>2/1/2010</b>
Policy Index	1.25	1.82	4.98	7.98	7.98	3.01	2.97	4.37	
Value Added	-0.66	-3.48	-3.78	-3.77	-3.77	5.80	1.15	4.66	
<b>White Oak Yield Spectrum</b>	<b>1.58</b>	<b>1.58</b>	<b>2.56</b>	<b>5.09</b>	<b>5.09</b>	<b>6.71</b>	<b>5.61</b>	<b>5.32</b>	<b>3/1/2018</b>
Morningstar LSTA US Leveraged Loan	2.26	3.15	6.48	10.71	10.71	6.31	4.13	4.06	
Value Added	-0.68	-1.57	-3.92	-5.62	-5.62	0.40	1.48	1.26	
<b>H/2 Credit Partner</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>9.55</b>	<b>1.17</b>	<b>4.04</b>	<b>7/1/2011</b>
<b>Mesa West Core Lend</b>	<b>-3.94</b>	<b>-3.94</b>	<b>-4.94</b>	<b>-2.12</b>	<b>-2.12</b>	<b>3.10</b>	<b>4.76</b>	<b>5.70</b>	<b>5/1/2013</b>
<b>Mesa West IV</b>	<b>-11.11</b>	<b>-11.11</b>	<b>-12.02</b>	<b>-13.48</b>	<b>-13.48</b>	<b>0.38</b>	<b>3.27</b>	<b>3.25</b>	<b>3/1/2017</b>
<b>Cash Composite</b>	<b>0.40</b>	<b>1.05</b>	<b>1.94</b>	<b>3.38</b>	<b>3.38</b>	<b>1.24</b>	<b>1.60</b>	<b>3.31</b>	<b>1/1/1988</b>
FTSE 3 Month T-Bill	0.43	1.25	2.39	3.75	3.75	1.33	1.57	2.92	
Value Added	-0.03	-0.20	-0.45	-0.37	-0.37	-0.09	0.03	0.39	

# Asset Allocation & Performance

## Pension Plan Accounts

Periods Ended June 30, 2023

	Performance (%) net of fees								
	1 Month	QTD	YTD	FYTD	1 Year	3 Years	5 Years	Since Inception	Inception Date
Real Estate Composite	-1.81	-2.19	-6.34	-2.64	-2.64	11.16	10.09	6.57	7/1/1984
NCREIF ODCE NOF 1 Quarter Lag	-3.38	-3.38	-8.37	-3.91	-3.91	7.46	6.56		
Value Added	1.57	1.19	2.03	1.27	1.27	3.70	3.53		
Baring	-17.07	-18.45	-26.37	-27.50	-27.50	-0.43		8.94	1/1/2019
Barings Euro RE II	-8.91	-10.57	-25.74	-26.59	-26.59			-21.93	12/1/2020
Divcowest IV	0.47	0.47	-3.84	-4.03	-4.03	14.33	11.66	17.01	3/1/2014
Fundamental Partners III	0.33	0.33	4.13	3.94	3.94	18.57	15.98	13.69	5/1/2017
Greenfield Acq VI	-5.10	-5.10	-24.37	-35.66	-35.66	-36.28	-40.65	-18.49	12/1/2012
Greenfield Acq VII	3.22	3.22	-11.22	0.46	0.46	17.21	15.26	13.70	7/1/2014
Harrison Street	0.00	0.00	-1.03	7.34	7.34	6.82	6.92	7.98	5/1/2012
Lubert Adler VII	-1.04	-1.04	-9.68	-9.52	-9.52	-3.86	-1.11	-1.63	7/1/2014
Lubert Adler VII B	1.70	1.70	9.39	15.07	15.07	26.34	20.02	15.81	7/1/2017
Patron Capital	6.11	4.14	2.63	-1.89	-1.89	10.01	6.75	4.31	8/1/2016
Prologis Targeted US	0.00	-0.73	-6.26	-0.77	-0.77	21.04	18.69	17.27	10/1/2014
Rubenstein PF II	-25.09	-25.09	-38.19	-45.01	-45.01	-18.26	-9.86	1.25	7/1/2013
Stockbridge Sm/Mkts	-3.85	-3.85	-9.85	-9.27	-9.27	9.61	8.16	8.65	5/1/2014
Walton St RE VI	2.14	2.14	7.50	14.01	14.01	11.61	4.76	-10.74	5/1/2009
Walton St RE VII	-6.79	-6.79	-7.16	-3.50	-3.50	0.68	-2.95	4.81	7/1/2013

# Asset Allocation & Performance

## Pension Plan Accounts

Periods Ended June 30, 2023

	Performance (%) net of fees								
	1 Month	QTD	YTD	FYTD	1 Year	3 Years	5 Years	Since Inception	Inception Date
<b>Real Return Composite</b>	<b>3.33</b>	<b>2.55</b>	<b>4.71</b>	<b>12.80</b>	<b>12.80</b>	<b>12.70</b>	<b>6.43</b>	<b>4.83</b>	<b>7/1/2011</b>
US CPI + 3%	0.43	1.42	3.14	6.18	6.18	8.91	7.01	5.62	
Value Added	2.90	1.13	1.57	6.62	6.62	3.79	-0.58	-0.79	
<b>Tortoise Capital</b>	<b>5.82</b>	<b>4.41</b>	<b>7.80</b>	<b>28.83</b>	<b>28.83</b>	<b>29.45</b>	<b>6.19</b>	<b>9.52</b>	<b>8/1/2009</b>
Alerian MLP Index	4.14	5.38	9.70	30.51	30.51	30.70	6.16	6.99	
Value Added	1.68	-0.97	-1.90	-1.68	-1.68	-1.25	0.03	2.53	
<b>Amerra AGRI Fund II</b>	<b>1.16</b>	<b>1.16</b>	<b>-0.31</b>	<b>8.60</b>	<b>8.60</b>	<b>8.76</b>	<b>8.68</b>	<b>6.28</b>	<b>12/1/2012</b>
<b>Amerra AGRI Holdings</b>	<b>-9.93</b>	<b>-9.93</b>	<b>-6.73</b>	<b>-10.16</b>	<b>-10.16</b>	<b>-4.37</b>	<b>-3.16</b>	<b>-2.43</b>	<b>8/1/2015</b>
<b>BTG Pactual</b>	<b>2.74</b>	<b>2.74</b>	<b>3.61</b>	<b>10.50</b>	<b>10.50</b>	<b>12.86</b>	<b>4.74</b>	<b>-1.48</b>	<b>12/1/2014</b>
<b>IFM Infrastructure</b>	<b>2.80</b>	<b>1.05</b>	<b>4.91</b>	<b>7.31</b>	<b>7.31</b>	<b>6.39</b>		<b>5.09</b>	<b>7/1/2019</b>
<b>Magnetar MTP EOF II</b>	<b>20.38</b>	<b>20.38</b>	<b>17.82</b>	<b>27.22</b>	<b>27.22</b>	<b>100.25</b>	<b>45.88</b>	<b>27.67</b>	<b>8/1/2015</b>
<b>Oberland Capital</b>	<b>3.25</b>	<b>3.25</b>	<b>6.70</b>	<b>11.29</b>	<b>11.29</b>	<b>10.98</b>		<b>13.42</b>	<b>8/1/2018</b>
<b>Taurus Mine Finance</b>	<b>4.66</b>	<b>4.66</b>	<b>8.02</b>	<b>37.28</b>	<b>37.28</b>	<b>26.24</b>	<b>17.31</b>	<b>15.68</b>	<b>4/1/2015</b>
<b>TPF II</b>	<b>-0.92</b>	<b>-0.92</b>	<b>-5.11</b>	<b>-7.70</b>	<b>-7.70</b>	<b>3.63</b>	<b>4.74</b>	<b>-0.86</b>	<b>10/1/2008</b>
<b>Blackstone Strat Opp</b>	<b>0.34</b>	<b>-5.67</b>	<b>-5.57</b>	<b>-8.03</b>	<b>-8.03</b>	<b>-2.75</b>	<b>-4.70</b>	<b>-3.20</b>	<b>8/1/2017</b>
<b>Luxor Capital</b>	<b>-0.04</b>	<b>-0.12</b>	<b>-0.20</b>	<b>3.12</b>	<b>3.12</b>	<b>8.79</b>	<b>-1.40</b>	<b>-0.04</b>	<b>4/1/2014</b>
<b>Myriad Opportunities</b>	<b>0.00</b>	<b>0.00</b>	<b>-0.28</b>	<b>-7.31</b>	<b>-7.31</b>	<b>-20.57</b>	<b>-16.49</b>	<b>-9.37</b>	<b>5/1/2016</b>
<b>Pine River</b>	<b>-0.23</b>	<b>0.05</b>	<b>-7.38</b>	<b>-3.79</b>	<b>-3.79</b>	<b>-3.17</b>	<b>3.22</b>	<b>1.61</b>	<b>5/1/2014</b>
<b>PRISMA Capital</b>	<b>0.21</b>	<b>0.70</b>	<b>1.68</b>	<b>1.09</b>	<b>1.09</b>	<b>-0.14</b>	<b>0.40</b>	<b>2.40</b>	<b>9/1/2011</b>
<b>SRS Partners US</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>6.01</b>	<b>5.55</b>	<b>7.60</b>	<b>8/1/2017</b>
<b>Tricadia Select</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>-1.36</b>	<b>-4.29</b>	<b>9/1/2017</b>



Kentucky Retirement Systems

# Compliance Report

Quarter Ending: June 30, 2023



Compliance Guideline Review for the Period Ended June 30, 2023	Compliance Status	<div data-bbox="1644 537 1730 561">Legend</div> <div data-bbox="1570 597 1793 727"> <div data-bbox="1570 597 1612 630">●</div> In Compliance           <div data-bbox="1570 646 1612 678">●</div> To be determined           <div data-bbox="1570 695 1612 727">●</div> Not In Compliance         </div>
Total assets assigned to the selected manager shall not exceed 25% of that firm's total assets under management and shall not exceed 25% of a firm's total assets under management in a commingled product.	●	
The assets managed by any one active or passive investment manager shall not exceed 15% of the overall assets in the Pension and Insurance funds.	●	
No more than 20% of the total net assets of the Real Return portfolio may be invested in any single closed-end or open-end limited partnership or other unregistered investment vehicle.	●	
Securities issued by the state of Kentucky, its subsidiaries, or affiliates are prohibited.	●	
An investment in any single domestic or international equity allocation in any single corporation cannot exceed 5% of the market value of total assets.	●	
The systems in aggregate shall not hold in excess of 3% of the outstanding shares of any single corporation.	●	

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



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



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



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



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



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



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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.



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



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



Kentucky Retirement Systems

# Investment Budget Update

Quarter Ending: June 30, 2023

KRS Board Meeting - Investment Committee Report

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

KRS Board Meeting - Investment Committee Report

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

KRS Board Meeting - Investment Committee Report

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

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



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

<b>KENTUCKY PUBLIC PENSIONS AUTHORITY</b> <b>Investment Fees and Expenses</b> <b>For the twelve month period ending June 30, 2023</b> <b>Pension</b>						
	<b>KERS</b>		<b>KERS Hazardous</b>		<b>SPRS</b>	
	<b>FYTD Fees</b>	<b>Market Value</b>	<b>FYTD Fees</b>	<b>Market Value</b>	<b>FYTD Fees</b>	<b>Market Value</b>
<b>Core Fixed Income</b>	<b>892,792</b>	<b>729,593,196</b>	<b>148,277</b>	<b>109,190,491</b>	<b>157,573</b>	<b>121,965,160</b>
<i>Investment Advisory Fees</i>	497,884		82,665		87,859	
<i>Performance Fees</i>	190,309		31,598		33,583	
<i>Miscellaneous Fees and Expenses</i>	204,599		34,014		36,130	
<b>Public Equity</b>	<b>1,988,717</b>	<b>1,185,534,679</b>	<b>707,377</b>	<b>394,373,259</b>	<b>359,960</b>	<b>192,859,388</b>
<i>Investment Advisory Fees</i>	1,955,990		695,551		354,083	
<i>Miscellaneous Fees and Expenses</i>	32,727		11,826		5,877	
<b>Specialty Credit Fixed Income</b>	<b>11,447,130</b>	<b>613,468,382</b>	<b>3,528,004</b>	<b>181,855,900</b>	<b>1,398,519</b>	<b>101,770,225</b>
<i>Investment Advisory Fees</i>	3,562,434		1,027,232		463,227	
<i>Performance Fees</i>	2,915,984		974,976		341,744	
<i>Miscellaneous Fees and Expenses</i>	4,968,712		1,525,796		593,548	
<b>Real Estate</b>	<b>986,892</b>	<b>179,034,453</b>	<b>313,543</b>	<b>50,563,558</b>	<b>133,367</b>	<b>21,465,629</b>
<i>Investment Advisory Fees</i>	1,301,614		393,887		167,692	
<i>Performance Fees</i>	(565,984)		(153,814)		(65,081)	
<i>Miscellaneous Fees and Expenses</i>	251,262		73,470		30,756	
<b>Real Return</b>	<b>759,494</b>	<b>74,951,736</b>	<b>251,788</b>	<b>24,885,159</b>	<b>243,085</b>	<b>10,917,344</b>
<i>Investment Advisory Fees</i>	444,376		149,704		132,597	
<i>Performance Fees</i>	279,007		42,325		83,454	
<i>Miscellaneous Fees and Expenses</i>	36,112		59,759		27,034	
<b>Private Equity</b>	<b>183,614</b>	<b>159,851,197</b>	<b>663,988</b>	<b>63,181,329</b>	<b>130,417</b>	<b>16,597,401</b>
<i>Investment Advisory Fees</i>	471,814		577,976		90,419	
<i>Performance Fees</i>	(762,970)		(139,584)		(22,010)	
<i>Miscellaneous Fees and Expenses</i>	474,770		225,596		62,007	
<b>Administrative Expenses/Cash</b>	<b>812,243</b>	<b>579,601,254</b>	<b>210,875</b>	<b>74,759,874</b>	<b>139,702</b>	<b>121,931,982</b>
<b>Total Investment Mgmt Fees</b>	<b>17,070,883</b>	<b>3,522,034,896</b>	<b>5,823,851</b>	<b>898,809,571</b>	<b>2,562,623</b>	<b>587,507,130</b>

<b>KENTUCKY PUBLIC PENSIONS AUTHORITY</b> <b>Investment Fees and Expenses</b> <b>For the twelve month period ending June 30, 2023</b> <b>Insurance</b>						
	<b>KERS</b>		<b>KERS Hazardous</b>		<b>SPRS</b>	
	<b>FYTD Fees</b>	<b>Market Value</b>	<b>FYTD Fees</b>	<b>Market Value</b>	<b>FYTD Fees</b>	<b>Market Value</b>
<b>Core Fixed Income</b>	<b>223,105</b>	<b>175,888,286</b>	<b>97,701</b>	<b>74,586,100</b>	<b>38,330</b>	<b>28,594,329</b>
<i>Investment Advisory Fees</i>	174,020		76,199		29,892	
<i>Performance Fees</i>	45,320		19,853		7,791	
<i>Miscellaneous Fees and Expenses</i>	3,764		1,649		647	
<b>Public Equity</b>	<b>1,213,827</b>	<b>646,377,003</b>	<b>510,215</b>	<b>272,366,599</b>	<b>207,082</b>	<b>109,919,593</b>
<i>Investment Advisory Fees</i>	1,195,400		502,055		203,864	
<i>Miscellaneous Fees and Expenses</i>	18,427		8,159		3,218	
<b>Specialty Credit Fixed Income</b>	<b>5,203,784</b>	<b>295,130,970</b>	<b>2,865,756</b>	<b>130,980,462</b>	<b>1,078,366</b>	<b>52,177,433</b>
<i>Investment Advisory Fees</i>	1,548,002		793,066		297,335	
<i>Performance Fees</i>	1,451,263		864,070		320,715	
<i>Miscellaneous Fees and Expenses</i>	2,204,519		1,208,620		460,316	
<b>Real Estate</b>	<b>413,005</b>	<b>60,926,039</b>	<b>307,806</b>	<b>45,367,574</b>	<b>117,245</b>	<b>17,319,202</b>
<i>Investment Advisory Fees</i>	492,755		367,441		140,071	
<i>Performance Fees</i>	(166,502)		(124,523)		(47,612)	
<i>Miscellaneous Fees and Expenses</i>	86,751		64,888		24,786	
<b>Real Return</b>	<b>627,552</b>	<b>32,410,262</b>	<b>205,280</b>	<b>17,822,279</b>	<b>83,422</b>	<b>6,699,175</b>
<i>Investment Advisory Fees</i>	336,645		119,102		48,387	
<i>Performance Fees</i>	215,238		33,260		15,696	
<i>Miscellaneous Fees and Expenses</i>	75,669		52,918		19,339	
<b>Private Equity</b>	<b>2,253,514</b>	<b>94,391,269</b>	<b>610,624</b>	<b>53,885,957</b>	<b>267,513</b>	<b>23,922,538</b>
<i>Investment Advisory Fees</i>	499,550		415,675		182,664	
<i>Performance Fees</i>	1,370,485		45,795		10,488	
<i>Miscellaneous Fees and Expenses</i>	383,479		149,153		74,361	
<b>Administrative Expenses/Cash</b>	<b>386,259</b>	<b>147,134,274</b>	<b>167,442</b>	<b>20,970,023</b>	<b>66,611</b>	<b>7,201,256</b>
<b>Total Investment Mgmt Fees</b>	<b>\$ 10,321,045</b>	<b>\$ 1,452,258,102</b>	<b>\$ 4,764,825</b>	<b>\$ 615,978,995</b>	<b>\$ 1,858,569</b>	<b>\$ 245,833,526</b>

January 2024						
<a href="#">◀ Dec 2023</a>						<a href="#">Feb 2024 ▶</a>
Sun	Mon	Tue	Wed	Thu	Fri	Sat
	1 New Year's Day	2	3	4	5	6
7	8	9 CERS Personnel Committee	10	11	12	13
14	15 Martin Luther King, Jr.	16	17 CERS Board Trustee Training	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

February 2024						
◀ Jan 2024						Mar 2024 ▶
Sun	Mon	Tue	Wed	Thu	Fri	Sat
				1	2	3
4	5	6	7	8	9	10
11	12	13	14 CERS Actuarial Committee	15 Joint Retiree Health Plan Committee	16	17
18	19 CERS Finance Committee	20	21 KRS Investment Committee	22	23	24
25	26	27 KPPA Audit Committee	28 CERS Investment Committee	29		

KRS Board Meeting - 2024 Board and Committee Meeting Calendar

March 2024						
◀ Feb 2024						Apr 2024 ▶
Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1	2
3	4	5	6	7	8	9
10	11	12	13 KRS Board	14	15	16
17	18	19	20 CERS Board	21 KPPA Board	22	23
24	25	26	27	28	29 Good Friday – ½ day	30
31						

April 2024						
◀ Mar 2024						May 2024 ▶
Sun	Mon	Tue	Wed	Thu	Fri	Sat
	1	2	3	4	5	6
7	8	9 KRS Annual Board Meeting	10 CERS Actuarial Committee	11	12	13
14	15	16	17 CERS Annual Board Meeting	18	19	20
21	22	23	24	25 KPPA Annual Board Meeting	26	27
28	29	30				

May 2024						
◀ Apr 2024						Jun 2024 ▶
Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1	2	3	4
5	6	7	8 Joint Retiree Health Plan Committee	9	10	11
12	13	14	15	16 KRS Investment Committee	17	18
19	20 CERS Finance Committee	21	22 CERS Investment Committee	23	24	25
26	27 Memorial Day	28	29	30 KPPA Audit Committee	31	



June 2024						
◀ May 2024						Jul 2024 ▶
Sun	Mon	Tue	Wed	Thu	Fri	Sat
						1
2	3	4 CERS Personnel Committee	5	6	7	8
9	10	11	12	13	14	15
16	17	18 KRS Board	19 CERS Board	20	21	22
23	24	25	26	27 KPPA Board	28	29
30						

July 2024						
◀ Jun 2024						Aug 2024 ▶
Sun	Mon	Tue	Wed	Thu	Fri	Sat
	1	2	3	4 Independence Day	5	6
7	8	9	10	11	12	13
14	15	16	17 CERS Trustee Training	18	19	20
21	22	23	24	25	26	27
28	29 CERS Legislative Committee	30	31			

August 2024						
◀ Jul 2024						Sep 2024 ▶
Sun	Mon	Tue	Wed	Thu	Fri	Sat
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19 CERS Finance Committee	20	21 KRS Investment Committee	22	23	24
25	26 CERS Legislative Committee	27 KPPA Audit Committee	28 CERS Investment Committee	29	30	31

KRS Board Meeting - 2024 Board and Committee Meeting Calendar

September 2024						
◀ Aug 2024						Oct 2024 ▶
Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2 Labor Day	3 Joint Retiree Health Plan Committee	4	5	6	7
8	9	10	11	12 KRS Board	13	14
15	16	17	18 CERS Board	19	20	21
22	23	24	25	26 KPPA Board	27	28
29	30					

KRS Board Meeting - 2024 Board and Committee Meeting Calendar

October 2024						
◀ Sep 2024						Nov 2024 ▶
Sun	Mon	Tue	Wed	Thu	Fri	Sat
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16 CERS Board Trustee Training	17	18	19
20	21 Joint Retiree Health Plan Committee	22	23	24	25	26
27	28	29	30 CERS Actuarial Committee	31		

November 2024						
◀ Oct 2024						Dec 2024 ▶
Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1	2
3	4	5 Election Day	6 CERS Board	7	8	9
10	11 Veterans Day	12	13 KRS Board	14	15	16
17	18	19 KPPA Audit	20	21 KRS Investment Committee	22	23
24	25 CERS Finance Committee	26 CERS Investment	27	28 Thanksgiving Day	29 Office closed	30

December 2024						
◀ Nov 2024						Jan 2025 ▶
Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2	3	4	5	6	7
8	9 CERS Board	10	11 KRS Board	12 KPPA Board	13	14
15	16	17	18	19	20	21
22	23	24 Christmas Eve	25 Christmas Day	26	27	28
29	30	31 New Year's Eve				



# KENTUCKY PUBLIC PENSIONS AUTHORITY

David L. Eager, Executive Director

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**To:** Kentucky Public Pensions Authority Board

**From:** David Eager, Executive Director

**Date:** September 6, 2023

**Subject:** KPPA Update

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## I. LEGISLATION:

### Housekeeping Bill

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

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

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

**IV. KPPA STRATEGIC PLAN:** An update from Provaliant is scheduled for September 7<sup>th</sup>.

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

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



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

May

CEM Benchmarking- Rebecca Adkins

June

2023 Chief Officers Summit-Rebecca Adkins

July

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

August

Institutional Investor Week Conference- Anthony Chiu

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

Public Pension Funding Forum- Erin Surratt

September

ARCTOS Annual Meeting- Anthony Chiu

Stockbridge's Annual Meeting- Anthony Chiu

Fund Evaluation Group- Anthony Chiu

Info-Tech Live 2023- Dominique McKinley

ILPA Private Equity Legal Conference- Victoria Hale

October

Public Pension Finance Forum- Mike Lamb

Association of Asian American Investment Managers- Anthony Chiu

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

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